Workers' Compensation Board of Nova Scotia

Annual Report 2000

The Workers' Compensation Board is one participant in the workers' compensation system which includes: workers and their representatives, employers, the medical community, WCB service providers, Workers' Advisers, the Workers' Compensation Appeals Tribunal, government and those involved in injury and disease prevention.

The Workers' Compensation Vision

The vision of the workers' compensation system is a healthy, working Nova Scotia.

The Mission of the WCB

The mission of the WCB is to co-ordinate the workers' compensation system to assist injured workers and their employers by providing timely medical and rehabilitative support to facilitate the efforts of injured workers to return to work; and by providing appropriate compensation for work-related disabilities.

WCB Strategy

The WCB's strategy is to provide an effective administration in order to co-ordinate all of the partners in the workers' compensation system to focus their efforts on building a healthy, working Nova Scotia.

The **right** service

WCB Responsibility

The responsibility of the Workers' Compensation Board is to administer the *Workers' Compensation Act* in a manner that:

- reflects the purpose of the *Workers' Compensation Act;*
- is fair and consistent;
- is financially responsible;
- is sensitive to the needs of injured workers;
- anticipates and is responsive to the changing needs of our clients and changing workplace conditions; and
- is supportive of the prevention of injury and disease.

WCB Beliefs

The Board of Directors and staff of the Workers' Compensation Board believe:

- that injured workers deserve fair, appropriate compensation, medical and rehabilitation support;
- that all injured workers want to return to work;
- that all partners in the workers' compensation system have a responsibility to assist injured workers to return to work; and
- that all partners in the system must co-operate to achieve a healthy, working Nova Scotia.

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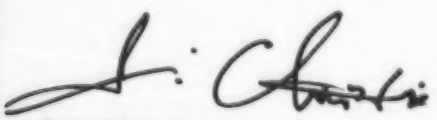
Meredith Principles (inside back cover)

the **right** person at the **right** time

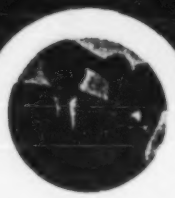
Message to the Minister of Environment and Labour

The Honourable David Morse, Minister
of Environment and Labour:

I have the pleasure to submit the report of the Workers' Compensation Board of Nova Scotia for the year ended December 31, 2000.
Respectfully submitted,



Innis Christie
Chair, Workers' Compensation Board



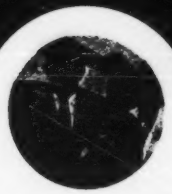
2000 *year at-a-glance*

2000 At-a-Glance

(Dollar amounts in millions)

	2000	1999
Number of Claims Registered	34,874	35,010
Number of Compensable Time-loss Claims Registered	9,061	8,200
Average Claim Duration (days)	85.5	82.6
Targeted Average Assessment Rate (per $100 of assessable payroll)	$ 2.54	$ 2.54
Total Assessable Payroll (billions)	$ 6.2	$ 5.8
Total Assessment Revenue	$ 192.8	$ 180.4
Total Investment Income	$ 62.1	$ 52.8
Total Assets	$ 664.0	$ 561.8
Total Administration Costs	$ 25.4	$ 22.6
Legislated Obligations	$ 7.3	$ 5.2
Total Claims Costs Incurred	$ 106.1	$ 98.3
Excess of Revenues over Expenses	$ 33.7	$ 31.2
Total Liabilities	$ 971.8	$ 900.6
Unfunded Liability	$ 307.8	$ 338.8
Percentage Funded Ratio	68.3%	62.3%
Timeliness of First Payment (percentage of payments made within 15 days of the accident)	50.0%	42.0%

Message from the *Chair and CEO*



In 2000, the WCB made significant changes to the way it conducts business. As part of our Long-term Business Plan we implemented one major project — the Assessment Payment Plan — and initiated another — the Client Services Delivery Model. These changes resulted from listening to our stakeholders, reviewing our processes, building new systems and training our staff to implement the new approach to doing business.

The risk the WCB covers, which is determined by the total assessable payroll in Nova Scotia, continued to increase. And, for the first time in almost five years, there was the expected corresponding substantial increase (11%) in the number of time-loss claims. This increase, plus an increase in claim duration, had an impact on our financial statements. Specifically, the WCB's benefits liabilities for short-term disabilities have increased by more than 25% or $11 million. On the positive side, the WCB of Nova Scotia had one of the highest rates-of-return on invested assets of any workers' compensation board in Canada. Overall, the financial picture was positive as we reduced the unfunded liability by $31.0 million.

In addition, two major areas where the coverage afforded by the workers' compensation system of Nova Scotia lacked clarity, compensation for chronic pain and for Multiple Chemical Sensitivity, were the subjects of legal interpretation during 2000.

The Long-term Business Plan

On January 1, 2000, the WCB's Assessment Payment Plan came into effect. This allows employers to pay their assessment premium based on their actual, not estimated, payroll. This approach eliminates the requirement for employers to estimate payroll and pay in advance at the start of the year. It lets them keep and use their funds longer.

But this new assessment system increased by six times the number of transactions the WCB processes each year. To deliver this improved service, the WCB needed both a sophisticated and secure e-commerce system, which we could not afford to build and maintain by ourselves. Therefore, following extensive research and negotiation with the Canada Customs and Revenue Agency (formerly Revenue Canada), we established a partnership that enabled us to deliver this service efficiently and cost-effectively.

The injured worker community also will benefit from our Long-term Business Plan. The Client Services Delivery Model introduced in November, focuses resources on those clients with the greatest needs. As part of the Client Services Delivery Model we pilot-tested an electronic claim file system that allowed staff to more efficiently receive and retrieve the information they needed to answer questions from injured workers and employers. It is expected that the electronic claim file will be available to all staff in late 2001.

A Representative Board of Directors and the Importance of Being-in-Touch

During 2000, members of the WCB's Board of Directors participated in a series of roundtable discussions with representatives from the labour, management and injured worker communities. These sessions, held in six locations across the province, were intended to ensure that Board members heard directly from those who use our services. The Board also received the results of independently conducted client satisfaction surveys. This input is critical to the Board's oversight of operations, especially in a system where the customer has no choice of service providers.

Historically, the WCB conducted large-scale sessions to share information and receive feedback from our clients. These large sessions proved particularly successful for distributing information, but provided limited opportunities for interactive discussions. In 2000, we used both the smaller roundtables to facilitate dialogue with our clients, and the larger information sessions to brief participants on a wide range of workers' compensation issues, including the WCB's new accident report form. Both types of sessions will continue to be critical components of the

WCB's efforts to reach out and respond to our client's needs.

The results of the client satisfaction survey of injured workers indicate that three-quarters of our clients identify "the length of time it takes the WCB to get the first benefit cheque to them" as being critically important. The new Client Services Delivery Model is intended to directly address that issue, and the Board of Directors has set a 2002 target of 90% of first benefit payments being made within 15 days of the accident date. Currently, we are able to pay 50% of first benefit payments within 15 days. While this is the second fastest average processing time in Canada, it is still not sufficient from our - or our clients' - perspective.

Clarity of Coverage

Two major issues that have caused uncertainty in the workers' compensation system of Nova Scotia, compensation for chronic pain and for Multiple Chemical Sensitivity, were the subjects of legal interpretation during 2000. These are examples of areas in which the WCB must apply complex legislation to difficult health conditions. In such areas it is likely that some of our decisions will be appealed, particularly where new legislation is being tested. Where there is an appeal, the WCB's objective is to get a clear and final decision on what is intended by the legislation so that we can apply it efficiently and fairly. A lack of clarity is not good for injured workers, their employers or WCB staff.

On November 8, 2000, the Nova Scotia Court of Appeal determined that the Functional Restoration Program and other challenged sections of the legislation addressing compensation for chronic pain were constitutional and appropriate. The Court considered the medical evidence and the intent and purpose of the legislation and held that the limits on workers' compensation coverage do not offend the *Canadian Charter of Rights and Freedoms*. Chronic pain is a significant issue for society generally so it is not inappropriate that this issue has been appealed to the Supreme Court of Canada, although it means that some uncertainty will continue until that Court rules.

Multiple Chemical Sensitivity (also known as environmental illness syndrome), another significant issue for the system over the past 10 years, also was the subject of a significant ruling during 2000. On February 22, 2000, the Workers' Compensation Appeals Tribunal issued a panel decision that found Multiple Chemical Sensitivity is essentially a manifestation of physical symptoms as a result of a psychological condition and not compensable under the *Workers' Compensation Act*. This decision was not appealed.

Increase in Time-Loss Claims

One of the most striking developments this year has been an 11% increase in time-loss claims. Between 1996 and 1999, time-loss claims grew by 2.6% at a time when total payroll increased by 20.2%. We have witnessed a substantial increase in the workforce in Nova Scotia so, according to the experience across the country, we would, unfortunately, expect there to be proportionately more injuries. The continuing strength of this relationship between the size of the workforce and the number of injuries points to the importance of improved safety programs, particularly safety orientation programs for new entrants or workers returning to the workforce.

The other significant development, which has also been noted across Canada, is an increase in claim duration. With an aging workforce it takes longer, on average, to recover from injuries. It is also possible, however, that claim duration has been impacted by the substantial increase in time-loss claims. This is a matter we are looking into in greater detail.

Greater Involvement in Prevention

During 2000, the WCB, in partnership with forest industry associations and the Occupational Health and Safety Division of the Department of Environment and Labour, undertook an information program for the forestry sector – a sector that had seen a significant assessment premium rate increase ($1.00 per $100 of payroll) between 1999 and 2000.

A series of joint workshops was designed to educate employers on the impact of workplace accidents on assessment rates. In addition, we helped to clarify employers' and workers' responsibilities under the *Occupational Health and Safety Act*. The forestry sector had already begun to take action to address their rising workers' compensation premiums and in 2000, the industry saw a decline in time-loss accidents. We are hopeful that in the future, employers and workers in the forestry industry will take safety, training and prevention to new levels so that the industry's accident experience continues to improve, making this drop the beginning of a positive trend.

Organizational Renewal

2000 also was an exceptional year for the amount of staff training and development carried out by the WCB in support of improving service delivery. This came on the heels of extensive computer training that was required as the result of purchasing desktop computers for all staff in 1999. The computers were a necessary first-step in our move to an electronic world.

In 2000, staff participated in an extensive program to help move us from a process-based delivery structure to a more customer-led service culture. This is an approach that we must continually reinforce and build upon. During the year, each staff person in the Client Services Division participated in 11 days of training and development. We are in a knowledge industry and must therefore be committed to helping our staff develop the understanding, skills and abilities that will enable them to deliver better service to our clients.

As part of the move to a customer-led organization, we also adopted a corporate management structure. We have symbolically dropped the government titles for senior management and adopted the corporate term, *Vice President*. The team has refocused on our primary goals including the recognition that we have a formal role to play in risk management, which we have been attempting to influence positively through our assessment system; a regrouping of our strategic decision-making support and an enhancement in human resources development activities. Although there has been no change in compensation as a result of the change in titles, there are now Vice Presidents of Client Services; Finance; Assessment and Risk Management Services; Strategic Services; and Human Resources.

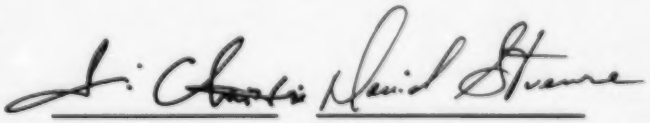
Governance

Fundamental to any organization, and especially to one operating under the leadership of a stakeholder representative Board of Directors, is the make-up of the Board itself. In 2000, we were fortunate to have four very capable new members join the ten-person Board of Directors, although, of course, this meant that we had lost four people who knew and understood the operation of the WCB. In the corporate sector, the average tenure on a board of directors is in the order of seven years. Last year, the only Board Member with seven years of knowledge and experience retired.

The decisions the Board of Directors of the WCB must make often involve trade-offs that are quite delicate, particularly given its bi-partite nature. In this context, the Board has continued to strive, with continuing success, to make decisions by consensus, following a full and frank consideration of the issues.

The Board has provided leadership to staff by becoming familiar with a complicated array of issues and always considering them from the perspective of all stakeholders. The Board actively provides oversight to the WCB during monthly meetings, supported by quarterly committee meetings. Each member of the Board interacts on an ongoing basis with their respective communities, and all participated in roundtable meetings with stakeholders and reviewed the results of client satisfaction surveys.

We have a thoughtful group of Nova Scotians giving oversight to this organization. It has been our pleasure to serve with such a dedicated group of Board Members and staff.



Innis Christie
Chair

David Stuewe
Chief Executive Officer

Corporate *governance*

Corporate governance is the process and structure for overseeing the direction and management of a corporation so that it effectively fulfils its mandate. This involves both its public policy and corporate objectives. The following is an overview of the governance of the Workers' Compensation Board of Nova Scotia.

Mandate

The Board of Directors is responsible for the governance of the Workers' Compensation Board, and for the exercise of the powers and performance of the duties as set out in the *Workers' Compensation Act*.

The Board of Directors oversees delivery of workers' compensation programs, develops policies in accordance with the *Act* to achieve delivery of these programs, and develops legislative proposals for consideration by government. The representative nature of the Board places members in a unique position to ensure that the legitimate interests of stakeholders are considered, while recognizing that they ultimately must act in the best interests of the organization and all the people and firms who rely on its services.

Structure of the Board of Directors

The Board of Directors consists of not more than 11 members appointed by the Governor in Council (Cabinet). Other than the Chair and Deputy Chair, the Governor in Council shall endeavor to appoint equal numbers of representatives of workers and employers. The Governor in Council may also appoint representatives of the public-at-large to be non-voting members of the Board. Currently there are three employer and three worker representatives on the Board, as well as two public-at-large representatives.

The WCB's Board of Directors maintains standing committees on audit and finance, investments, and governance.

WCB Board Members

Chair - **Innis Christie**
Mr. Christie joined the Board of Directors with an accomplished background in labour law, industrial relations and labour arbitration. He was Chair of the Nova Scotia Labour Relations Board from 1972 to 1979, and Deputy Minister of the Nova Scotia Department of Labour from January 1993 to July 1994. Active as an arbitrator since 1965, Mr. Christie has decided cases in a variety of private sector industries, as well as the public sector and universities. He also is the author of a textbook on employment law. Mr. Christie is currently a Professor at Dalhousie University Law School, where he was Dean from 1985 to 1991.

Deputy Chair - **Dr. Oscar Wong**
For 27 years, Dr. Oscar Wong was a radiation oncologist with the Nova Scotia Cancer Foundation. Prior to this position, Dr. Wong practised in Sydney Mines, Nova Scotia, as well as in Newfoundland and Hong Kong. Dr. Wong has served on the Drug Dependency and Human Rights Commissions and was a member of the Medical Advisor Group at the Atomic Energy Control Board. He served as technical advisor to the Cancer Committee with the Canadian Council of Health Services Accreditation Board.

Worker Representative - **Roberta Morrison**
Roberta Morrison was employed with Via Rail Canada for 18 years and is active within Local 4333 of the Canadian Autoworkers' Union. Ms. Morrison is a graduate of Saint Mary's University and brings to the Board a broad knowledge and experience with injured workers and their issues.

Employer Representative - **Gary Dean**
Gary Dean has over 35 years' experience in various capacities within the construction industry and is currently vice-president of Robert McAlpine Atlantic Limited. He is past Chair of the Construction Association of Nova Scotia and the Construction Management Labour Bureau. He also serves as a Board member of the Nova Scotia Labour Relations Board - Construction Industry Panel.

Employer Representative - **Elwood Dillman**
Elwood Dillman has served on various boards including the Canadian Pulp & Paper Association, and was a Director and Chair of the Atlantic Provinces Transportation Commission for 17 years. He also has worked in the same capacity for Nova Scotia Voluntary Planning. Mr. Dillman is Chair of the Transportation Committee of the Canadian Manufacturers and Exporters.

Worker Representative - **Jim Neville**
Mr. Neville is past-President of the Cape Breton Injured Workers' Association. He served as Chair of the Unemployment Insurance Appeal Commission from 1992 - 1995 and was a regional representative on the Cape Breton Regional Housing Authority from 1991 - 1994. Mr. Neville was employed with the Cape Breton Development Corporation where he served as President of the United Mine Workers of America Local 7749.

Worker Representative - **Charlene Long**
Charlene Long has over 30 years' experience as an intensive care nurse with St. Martha's Hospital in Antigonish. Active in the Nova Scotia Nurses Union (NSNU) for many years, Ms. Long has held various positions including Secretary/Treasurer of the NSNU and President of the St. Martha's Local.

Employer Representative - **James Melvin**
James Melvin is a partner in a Halifax accounting firm serving small and medium-sized businesses and individuals. Previously, Mr. Melvin operated as a sole practitioner Chartered Accountant and was Controller for a number of companies.

Public-at-Large Representative - **Paul LeBlanc**
Paul LeBlanc recently retired as Director, Financial Institutions with the Department of Business and Consumer Services. He was responsible for administering legislation governing credit unions, trust and loan companies, and insurance companies, agents, brokers and adjusters.

Public-at-Large Representative - **James White**
James White is Senior Partner of How Lawrence White Bowes, a law firm with offices in Windsor and Wolfville. Previously, Mr. White was Division President and CEO of MacLean Hunter, and a newspaper editor and columnist with a number of papers; including *The Halifax Chronicle Herald, Saint John Telegraph-Journal* and the *The Edmonton Sun*. Mr. White has been involved in the management of technological change in the newspaper, shipbuilding and printing industries.

The Right Service to the Right Perso

The year 2000 was another year of step-by-step improvement for the WCB, as we completed the third year in a five-year Long-term Business Plan (LTBP). The Business Plan shifts our operations to a customer-led model and addresses the need for ongoing service improvements. It requires us to streamline our internal processes, increase our financial accountability, continue to strengthen our relationships with stakeholders and partners in the compensation system, and continue to improve our service to injured workers and employers.

The past 12 months have seen a concerted effort by the WCB to provide the *right service to the right person at the right time*. The changes implemented in 2000 focus on ensuring that injured workers, employers and staff are able to access the services, information and tools they need — when they need them.

The WCB's first move in improving service was to analyze the services we provide, the services our customers expect, and the direction the organization must take to provide these services. This process involved asking stakeholders about the WCB's operations and its course for the future. This analysis started the WCB toward becoming a customer-led organization.

A customer-led organization is one that not only responds to customer needs, but anticipates them. The WCB must continue to work closely with stakeholders to increase our understanding of their needs and expectations of the compensation system. In 2000, the WCB used small informal roundtable discussions, larger information sessions, surveys and other communications tools in an effort to better understand our customers and the services they require.

Once a customer-led organization has a clear understanding of the services its customers require, it must then deliver these services in an efficient manner. In response to our customers, the WCB implemented a more responsive payment system for employers; simplified and streamlined the claim process for injured workers and employers; and provided new information, training and tools for staff so that they, in turn, can provide quality service to our customers. The ultimate goal is faster, more effective and more focused service to our clients.

WCB-registered employers have long been in favour of a simplified assessment payment process. In 2000, the WCB implemented the Assessment Payment Plan (APP) in conjunction with its partner, the Canada Customs and Revenue Agency (CCRA). The Assessment Payment Plan is a substantial service improvement for employers that was initiated at their request.

In previous years, employers were required to estimate their payroll for the upcoming year and pay an annual lump-sum premium every March. Now employers pay premiums periodically during the year based on actual payroll. As well, depending upon the size of the business, employers now make weekly, biweekly, monthly, or quarterly payments. This considerably eased the financial burden of a lump-sum WCB payment, which was difficult for some businesses — particularly small and seasonal employers. Employers are also able to make their payments at the same time they make their Canada Customs and Revenue Agency (CCRA) remittances, and using the same payment methods.

The Assessment Payment Plan eliminated some duplication by allowing the WCB and Canada Customs and Revenue Agency (CCRA) to share general information. As well, the use of similar rules by both agencies has simplified employers' dealings with CCRA and the WCB.

n at the Right Time —2000 in Review

The Assessment Payment Plan (APP) has resulted in an easier, more effective service relationship between employers and the WCB. In a recent registered employer survey, 85% of employers said the APP is helpful to their organization and 70% indicated that they were satisfied with the new payroll reporting system.

In 2001, the WCB will continue to work with its partners the Canada Customs and Revenue Agency (CCRA) and Service Nova Scotia and Municipal Relations — formerly Business and Consumer Services — to implement the Nova Scotia Business Registry (NSBR). Businesses in Nova Scotia now have a unique identifier — a CCRA Business Number (BN). By using their Business Number, employers will be able to access WCB, Canada Customs and Revenue Agency or Service Nova Scotia and Municipal Relations services through the Internet via the NSBR web site.

The Nova Scotia Business Registry also will allow these agencies to share information which will benefit employers. For example, if employers need to change a business address, they can enter the NSBR site and input the change on-line. The three partners (CCRA, WCB, and Service Nova Scotia and Municipal Relations) will have their records automatically updated with the new information. The Nova Scotia Business Registry will provide one-stop shopping for employers looking to access business information; register a business with the Registry of Joint Stocks and the WCB; or obtain or renew licenses, permits, or coverage. The Nova Scotia Business Registry web site is expected to be operational in mid-2001.

Much work at the WCB this year focused on service improvements to injured workers. The implementation of the Client Services Delivery Model (CSDM) in November saw a dramatic restructuring of the Client Services Division: new duties and responsibilities for staff; a more streamlined process for handling claims; less complicated claim and appeal decisions; a single case worker for the life of a claim; the beginnings of an electronic case file system; and an easier-to-use accident report. The focus of the new model is to provide injured workers and employers with the assistance they need, as quickly as possible.

In the past, a claim was opened by a WCB staff member who would make contact with the injured worker and the employer to gather all necessary information. Depending upon the amount of time the worker was off work, the claim could be transferred to someone in another department for payment of benefits. If specialized services were required, still other staff members would become involved. This process meant that injured workers and employers could have a number of different people looking after a claim.

With the new Client Services Delivery Model, as each accident report is received, it is immediately referred to the staff person who will assist the worker until they are able to return to work. The new process reduces the number of "hand-offs" and allows the WCB case worker to help the injured worker in a more timely fashion, including paying the first compensation cheque more quickly.

Preliminary results since implementation of the model are very encouraging. By the end of 2000, more than 50% of initial compensation cheques were issued to injured workers within 15 days of the worker's accident date, meeting our short-term goal. However, through our annual injured worker survey, the WCB has learned that only 54% of injured workers are satisfied with the length of time it takes to get their first benefit cheque. Therefore, by the end of 2002 our goal is to issue 90% of first benefit cheques within 15 days.

As part of the Client Services Delivery Model, the WCB introduced a new Accident Report Form. Employers and workers found the old report too long and complicated, and they had asked the WCB for an improved version. The WCB worked with employers and workers to develop a new form that is shorter and easier-to-complete — especially the wage information section. To ease the transition to the new form, the WCB hosted nine workshops around the province during the fall explaining how to complete the new form. More than 750 stakeholders attended these sessions.

For 2001, the WCB plans to continue developing an electronic claim file system. The WCB tested an electronic claim file system in 2000 with a small group of staff in order to determine its effectiveness. Staff were very pleased with the new system because it allowed them access to claim information much more quickly. The electronic claim file system, once available to all WCB staff, will virtually eliminate the movement of paper files throughout the organization. This will mean that all appropriate staff will have instant and simultaneous computer access to the information on a worker's file: doctors' reports, WCB decisions, expenses, correspondence and earnings information. Staff will have more time to help injured workers and employers and spend less time on routine administrative tasks.

Implementing the Assessment Payment Plan and the Client Services Delivery Model, as well as moving toward a customer-led organization, have required a large investment in training for our staff. More than 1,700 person-days of training were involved in implementing the service improvements found in this report. This training was required for our staff to learn the new processes and systems developed to improve service to workers and employers.

Even as we focused on service improvements in 2000, the WCB continued getting its financial house in order. The foundations of a quality workers' compensation system are financial stability and sustainability. In 2000, the Board of Directors approved a revision to the Funding Strategy that could see the WCB eliminate its unfunded liability by 2010 (if there are no changes in benefit levels or assessment rates), which is six years earlier than what was projected last year. The stability that comes from being a fully-funded compensation system will allow the WCB the opportunity to investigate and implement future changes in coverage, benefits and assessment rates.

The WCB's plan for 2000 included some very ambitious objectives for the organization. The year's accomplishments show some of the strong service improvement gains the organization has made, and provide a foundation for continuous improvement in the future. But the fundamental goal of every WCB activity remains to provide *the right service to the right person at the right time.*

Improving *service*

The WCB continues to provide injured workers and employers with steady improvements in the timeliness, responsiveness, effectiveness, and quality of service. The WCB is a service organization committed to providing quality workplace accident insurance to its clients, and ensuring that this service meets the present and future needs of all stakeholders.

The WCB's objectives are to improve:

- timeliness and efficiency;
- consistency and accuracy;
- return-to-work success;
- responsiveness; and
- the treatment of individuals in a courteous and dignified manner.

Improving service to injured workers and employers continues to be our first priority. In 2000 we:

- Delivered the Assessment Payment Plan to all employers. This plan provides employers with a more effective payment system for their WCB premiums. Employers now can pay their premiums periodically, using actual payroll, instead of using estimates and paying in advance.

  The Assessment Payment Plan has helped employers with cash flow, removed the necessity to estimate payroll in advance, and reduced red tape. It also increases the number of transactions between the WCB and registered employers from approximately 39,000 transactions to over 228,000 per year. This represents payments from more than 16,000 employers.

  Eighty-two percent of employers surveyed felt submitting their statements to the WCB and Canada Customs and Revenue Agency at the same time was beneficial, and 81% do not find it difficult to meet their reporting deadlines.

Giving His All

The day Murray McNeil was injured started off no differently than any other day on the job. "I was working on a wall, just like any other time, and as I lifted a bucket of mortar I felt something give in my arm," he says. As his injury slowly healed, he developed tendonitis in his rotator cuff which later required surgery.

As a result of his injury, Murray was unable to return to his pre-accident employment as a masonry worker. Nine months after his injury, during which he attended physiotherapy, Murray first met with his WCB Vocational Rehabilitation Counsellor, Deborah MacPhail. Based on his experience and background, as well as his interests in education, they sat down and developed a vocational rehabilitation plan to assist him in becoming an Educational Program Co-ordinator.

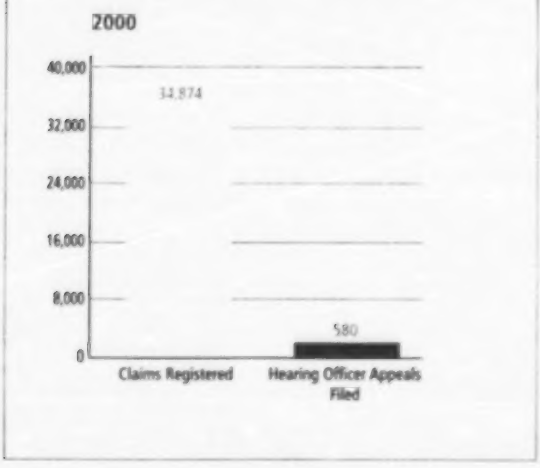
These initial meetings were only the beginning. A comprehensive training program was developed, including educational upgrading and on-the-job training. "From the start, Murray poured all of his efforts into anything that would help him reach his goal," said Deborah.

Murray enrolled at the Nova Scotia Community College where he received his Community Residential Worker Diploma in 1998. He followed this up with a diploma in Psycho-Social Rehabilitation in 1999. With the help of the WCB, Murray then received an Advanced Diploma in Acquired and Traumatic Brain Injury Rehabilitation, one of the two people in this province with the diploma. "Murray was determined to be successful in his studies, and his hard work and dedication were evident," said Deborah.

After completing his diplomas, the WCB helped Murray complete a job search, which resulted in a job with the nearby Island Career Academy. He was able to get his foot in the door by participating in two WCB-sponsored programs: On-the-Job Training (OJT) and the Employment Incentives Program (EIP). In both programs, the WCB provides specific financial and technological support to employers who agree to hire and train injured workers. Henry Johnson, President of Island Career Academy, was glad to have Murray on board. "Murray put a lot of effort into getting where he is today, and he brings that same enthusiasm to helping and teaching others."

Murray is now employed full-time with the Island Career Academy, teaching classes in the Community Residential Worker and Continuous Care Worker Programs. "I feel very lucky. The WCB helped me get past my accident, and now I'm in a position where I can help other people learn how to overcome obstacles," he said.

QUALITY ASSURANCE STATISTICS



- Saw the first gains of our Client Services Delivery Model—a major project to simplify our claim processes and help us change our corporate culture to a customer-led approach to overall claim management.

  We restructured how we deliver service to injured workers and employers within our Client Services Division, reducing the number of WCB staff a client has to deal with on their claim. Most injured workers and employers will have one consistent contact person to deal with on each claim.

  The WCB established a process to review claims as soon as they come in the door. By looking at the type of injury, the type of work involved, and the likelihood of complications in recovery, the WCB can determine the level of assistance an injured worker will require and provide that level of service immediately.

  As a result of our new model, we simplified the process used to report an injured worker's initial wages. Employers can report the actual earnings in the way that matches their own record keeping. The WCB can process an injured worker's first compensation cheque much more quickly by determining the earnings loss which best represents what the worker makes and reflects what their "normal earnings" would be.

  The WCB continued to explore new accident reporting possibilities through a telephone accident reporting pilot. This pilot is designed to test the resources required for, and the suitability of, telephone accident reporting of workers' compensation claims in the province. In 2000, the pilot was expanded. Now, when the WCB learns of an accident before the employer, we call the employer and take the required information over the phone.

- Launched an electronic claim file system as a pilot project. The electronic claim file allows any number of employees to work simultaneously on the same claim file. For example, one staff member could be issuing a benefit cheque, another could be settling an expense claim and a third could be making preparations for a retraining program.

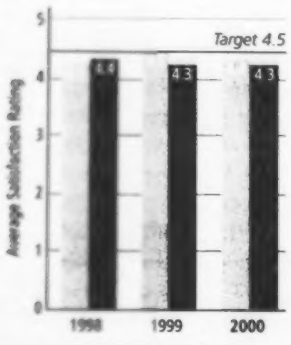
  It also changes all of the incoming paper information into an electronic format, allowing the case worker to keep better track of the developments on the file. This will mean faster and more complete access to all of the information needed to evaluate and process a claim, without the need to physically have the paper file. The electronic claim file will also allow WCB staff access to claim information while on the road visiting employers and injured workers.

- Improved our claim processing time. At a time when Client Services staff were implementing all of these service and procedure changes, they were still able to improve the speed with which the first cheque is issued to an injured worker after their accident. Fifty percent of claims had first benefit cheques issued within 15 days of the accident date, up from 42% in 1999.

CORPORATE PERFORMANCE MEASURE

Satisfaction with Politeness of WCB Staff

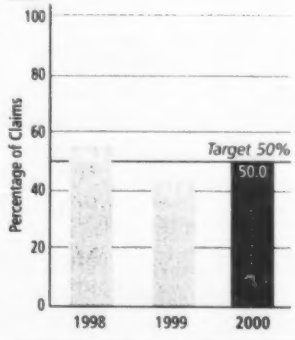
This CPM measures injured worker and employer satisfaction with the politeness of WCB staff.



CORPORATE PERFORMANCE MEASURE

Timeliness of First Payment

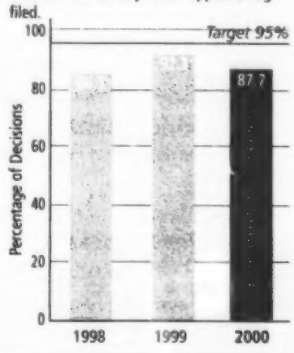
This CPM measures how quickly a first payment is issued to an injured worker after an accident occurs. It is the percentage of Temporary Earnings Replacement Benefit (TERB) payments issued within 15 calendar days of the date the accident is reported to the employer or the loss of earnings (LOE) start date.



CORPORATE PERFORMANCE MEASURE

Timeliness of Appeals Decisions

This CPM measures how quickly decisions are issued on claims when appeals have been filed with the WCB's Internal Appeals Department. Specifically, it is the percentage of Hearing Officer decisions issued within 90 days of an appeal being filed.



- Continued our partnership with the Workers' Compensation Appeals Tribunal (WCAT) and the Workers' Advisers Program (WAP). Through this joint effort, the three organizations were able to eliminate the backlog of over 2,400 WCAT appeals by October 2000.

- Expanded the limits for employer merits and demerits under the Experience Rating System. This system provides employers with a greater degree of control over their individual assessment rate by comparing their individual claim costs with those of other firms in their rate group. Lower than average claim costs can result in a merit (or reduction in their rate), and if their claim costs are higher than the average for their rate group, they receive a demerit (or increase in their rate). For 2001, employers (depending upon the size of their payroll and their number of years of claim-cost experience) may receive a merit of up to 30% and demerit of up to 60%. Over 70% of employers will receive a merit.

Increasing *accountability*

The WCB continues to develop and adhere to evaluation and reporting mechanisms, allowing our stakeholders to assess and measure our performance. In addition, we will continue to provide financial stability in the workers' compensation system to the employers and workers in the province who depend on us.

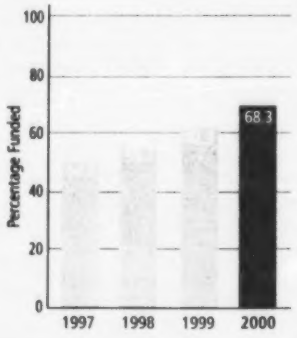
In order to be accountable to our partners in the workers' compensation system, the WCB will continue reporting on:

- the Funding Strategy to eliminate the unfunded liability;
- our legislative requirement to fund current costs; and
- the maintenance of appropriate administration costs.

CORPORATE PERFORMANCE MEASURE

Percentage Funded

The "Percentage Funded" is the ratio of the WCB's total assets divided by its total liabilities.

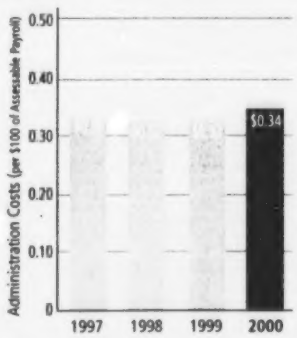


CORPORATE PERFORMANCE MEASURE

Administration Costs

per $100 of Assessable Payroll

To calculate this CPM, the WCB's total administration expense (not including the cost associated with OH&S, WCAT, and WAP) is divided by the total assessable payroll of the firms covered by the WCB—excluding self-insured firms.



Building a stable compensation system for all Nova Scotians continues to be a key focus for the WCB. This year, we:

- Updated and revised our Funding Strategy, as we do on an annual basis. The experience of recent years has placed the WCB in a stronger financial situation than we had originally forecast. This financial gain results from an increase in assessable payroll, relatively stable claim costs, and better-than-expected returns on our investments.

- Maintained a high rate-of-return on our investment portfolio. The market rate-of-return on the investment portfolio for 2000 was 9.5%, which was one of the highest in the country when compared to other jurisdictions. This contributed to a four-year average rate-of-return of 12.6%.

- Reduced the time it will take to eliminate the unfunded liability. Specifically, this year the Board of Directors moved the amortization target date ahead from 2016 to 2010 because of our positive current picture. Reducing the unfunded liability will lead to a stable future for workers' compensation in Nova Scotia. At present, the WCB is 68% funded, up from 62% in 1999.

- Began preparations for the Statutory Review. The *Workers' Compensation Act* includes a provision for a mandatory review in 2001. The Government will review workers' compensation in the province in order to recommend changes or improvements. The WCB has begun preparing support information and statistics.

- Continued to seek clarity from the courts on several key legal issues regarding coverage and extent of benefits. Some key issues currently before the courts include:
  - the entitlement of remarried survivors to a re-instatement of benefits in situations where they remarried before the *Charter of Rights and Freedoms* came into effect;
  - the effect of the statutory bar (which prevents employers from being sued by their workers as a result of workplace accidents) across different jurisdictions;
  - the constitutionality of the WCB's chronic pain policies and the Functional Restoration Regulations; and
  - the determination of the appropriate court for appeals on claims involving workers covered by the *Government Employees' Compensation Act* (GECA).

  The Workers' Compensation Appeals Tribunal also held a panel on environmental illness to determine its relationship to work and workers' compensation coverage.

- Recovered more than $3.5 million in third party actions, an increase from $2.8 million in 1999. The WCB may take action on behalf of the worker in order to recover any funds that it pays out on their claim in situations where:
  - a workplace accident was the responsibility of a third party (someone who is not covered by workers' compensation); or
  - the workplace accident arises out of a car accident and the party responsible is not the worker's employer.

  The recovered amounts are used to reimburse the WCB's Accident Fund (out of which all the costs of workers' compensation are paid) plus any legal fees or costs. Any excess is provided directly to the injured worker. In 2000, there was a 48% increase in the amount of excess funds paid to injured workers.

A Step in the Right Direction

Reinforced Plastic Systems was having difficulty managing their workers' compensation costs. The Mahone Bay plastics manufacturer has seen its claim costs continue to rise each year. Even in years when the company had managed to reduce its number of accidents, the costs were still very high. In 1998, Reinforced Plastic Systems had 77 accidents that resulted in claim costs of over $30,000; this amount went up to over $50,000 in 1999 despite having fewer accidents.

Dave Hilchey, General Manager at Reinforced Plastic, had heard about the prevention and risk management work that the WCB was doing through its Workplace Disability Management Services (WDMS) Program. He contacted the WCB to find out more. Tony Bremner, Co-ordinator of the WDMS Program, quickly called Dave back and arranged a meeting.

"Before our first meeting, I looked at the company's accident record to check out the number of accidents they had, the costs of these accidents, and the most common types of injuries," says Tony. From this point, he had all the information he needed to visit the company and help them start a disability management program.

At the first meeting, Tony and Dave discussed what a workplace disability management program could do for Reinforced Plastic Systems and reviewed the costs of the company's claims over the past couple of years. The majority of the claim costs resulted from workers not returning to work because they weren't able to perform all of the functions of their job.

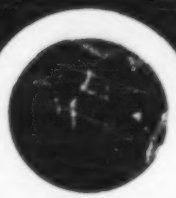
The pair then met with the company's union and Health and Safety Committee to discuss how they could implement an early return-to-work program. Such a program would allow workers to return to work performing activities that differed from their regular duties, and as their healing progressed, assume more and more of the responsibilities of their pre-accident job. "Tony came in, sat down with our management team, Safety Committee and union, and walked us through a number of examples of how the program would work, and how to avoid some of the pitfalls common in other organizations," says Dave.

The early return-to-work program developed by Tony, Reinforced Plastic Systems, and the union was accepted by the employees, but everyone wanted to see how it really worked. "Both management and the union are working hard to make sure that employees are following their doctors' recommendations and that they aren't pushing themselves too hard," says Dave. Employees are coming back to work and performing tasks that don't aggravate their injuries. After one year, the company has noticed a 50% decrease in days lost due to accidents, and hopes to improve from there.

The early return-to-work program implemented by Reinforced Plastic Systems has resulted in a dramatic reduction in the costs of their claims, the number of their employees who are getting hurt, and the amount of time lost from work. In 2000, the company had 24 claims, and the total payments for these claims as of January 2001 was less than $16,000.

"Reinforced Plastic Systems has made substantial improvements," says Dave. "It seems simple, but it has really helped our employees. It has helped forge a positive working relationship between management and the union, especially on health and safety issues. Just having Tony come in to speak with us about our situation was definitely a step in the right direction."

Communicating *effectively*



The WCB will continue to improve the lines of communication among the WCB, workers, employers, service providers, and other stakeholders by providing opportunities for all parties to participate in, and contribute to, improving the compensation system. The success of the workers' compensation system in the province depends upon the degree of co-operation and understanding among these parties.

In order to communicate effectively, the WCB will continue to:

- **inform stakeholders about, and provide opportunities for, input into decisions affecting the Workers' Compensation Board and its activities;**
- **co-ordinate and, when appropriate, harmonize its operations with other agencies in order to benefit the workers' compensation system; and**
- **gather information and ideas from internal and external stakeholders to foster improvement in the system.**

Our efforts to become a customer-led organization show that we are actively seeking opportunities to work together with our stakeholders, and hear their input and feedback. By working together we can build a stronger compensation system. During 2000, we:

- Informed employers about the new Assessment Payment Plan. By releasing an up-to-date version of our Employer's Guide and other materials, we kept employers informed about the Assessment Payment Plan and changes in their rights and responsibilities. We also used our quarterly newsletter, Inside Workers' Compensation, to inform employers about upcoming deadlines to help them ease into the new system.

- Redesigned the WCB Accident Report. The new Accident Report was designed with the help of several employer focus groups, and was then tested by a small group of employers from across the province. The new form is a result of the WCB and employers working together to develop a form that is shorter; easier to complete; and easier to fax and

Back to Beginnings

Bernie Rogers had worked around boats all his life. He was working at a marine design and ship building firm when his accident happened. "We were on some staging so we could attach a bumper strip to the side of a boat, when the plank we were on slipped, and we fell to the cement floor," says Bernie. Bernie's fall broke his heel.

After several weeks of recovery, Bernie tried to return to work at his old job, but found the physical demands on his heel painful. He was unable to stand for long periods of time or lift heavy objects. Through his Vocational Rehabilitation Program at the WCB, he found work as a maintenance worker in a trailer park, but was laid off after two years. He arranged a meeting with his Case Manager, Chip Healy, and his Vocational Rehabilitation Counsellor, Marlene McCluskey, to determine what his options might be.

Together the group looked at the possibility of getting Bernie back into the boat building industry. Their preference was to return Bernie to a job in his industry, but in a manner that would take into account his physical abilities. Through the WCB's Employment Incentives Program, Bernie approached several boat builders to see if they would be interested in hiring someone with his background to manage their fiberglass operations.

Sandra Chandler of Gaski Boats felt that they would be able to use Bernie's skills in their expanding fibreglass shop. Discussions between Sandra, Bernie and Marlene about the expectations of the job and Bernie's physical restrictions helped them draw up a contract for their particular Employment Incentives Program. This contract set out the conditions under which Bernie was hired and the support the WCB would provide to Gaski Boats.

The results were great right from the start. "I couldn't wait to go to the monthly follow-up meetings, because both Sandra and Bernie always had such great news to give me," said Marlene. Bernie moved into the position of Fibreglass Shop Co-ordinator where he works in a supervisory and project management role. "I still find it hard not to get in there and do the hands-on work, because it's what I've always done," says Bernie.

Sandra and Gaski Boats are pleased, too. "Sometimes we have to remind Bernie not to push himself too hard," says Sandra. "He's been great in dealing with workers individually and on projects, and he's become such an important part of our staff."

photocopy. The form is also available electronically, either on disc or from the WCB's web site (www.wcb.ns.ca).

- Held workshops across the province for employers, injured workers' groups, and labour organizations on how to complete the new WCB Accident Report. These workshops were well attended and gave participants the chance to ask WCB staff members questions about completing the report and other topics of interest. Copies of the new report and its accompanying User's Guide were distributed to all 16,000 WCB-registered employers in November.

- Published our Corporate Plan. This document is designed to give stakeholders a glimpse into the WCB's future. The document outlines our activities planned for 2001 and beyond, and provides key performance measures, as well as targets and goals in these areas.

- Held a series of roundtable meetings with stakeholders. These informal discussions allowed stakeholder groups to meet face-to-face with the WCB's Board of Directors and the organization's senior management team. This format offered both parties an opportunity to discuss first-hand the current state of the compensation system. Stakeholder groups involved included injured workers' associations; employers and employer associations; and labour groups. More roundtables are planned for 2001.

- Worked with the forestry sector and the Occupational Health and Safety Division of the Department of Environment and Labour to organize a series of workshops for the industry geared toward generating a greater understanding of how assessment rates are determined; the impact of claim costs on assessment rates; and employers' responsibilities under the *Occupational Health and Safety Act*.

- Continued to survey injured workers and employers. These confidential and anonymous surveys are designed to capture our stakeholders' opinions about different aspects of our service. The survey results help the WCB measure and improve the effectiveness of our service delivery to Nova Scotia's workers and employers.

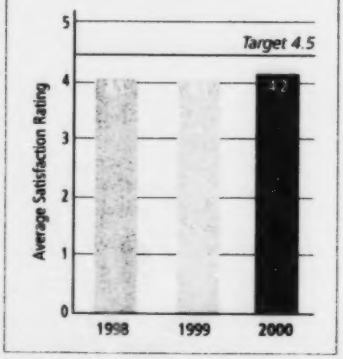
- Learned from our surveys that stakeholder satisfaction is improving: 81% of injured workers were satisfied with the politeness of WCB staff and 74% felt their case worker was knowledgeable about their case. Sixty-three percent of employers were satisfied with the coverage we provided to their workers. The surveys also indicated opportunities for improvement in several areas, including our clients' satisfaction with their level of involvement in the case planning process.

- Received input from our Corporate Performance Measures Advisory Committee. This committee reviewed the WCB's Corporate Performance Measures to determine if they are appropriate tools to use when assessing the WCB's performance. The committee is made up of representatives from the labour, employer and educational communities. In 2000, the Committee prepared an interim report for the WCB's Board of Directors listing the areas where we should be focusing our measurement.

CORPORATE PERFORMANCE MEASURE

Satisfaction with Clarity of Letters

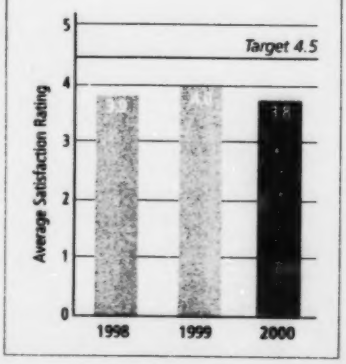
This CPM measures injured worker satisfaction with the letters they receive from the WCB.



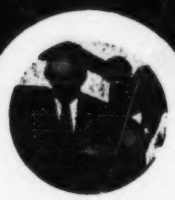
CORPORATE PERFORMANCE MEASURE

Satisfaction with Accessibility of WCB Staff

This CPM measures employer satisfaction with how easy it was to reach WCB staff when needed.



Building *strength within*



We value our employees and want them to have the technology, skills and learning opportunities they need to deliver prompt, effective service. Highly trained and knowledgeable staff allow the WCB to provide better service to injured workers and employers.

To continue to build strength within, the WCB will:

- provide effective management;
- ensure staff have the necessary skills and tools to do their jobs;
- provide opportunities for personal growth and professional development; and
- provide timely and effective internal communication.

The WCB made great strides in providing its staff with the training required to implement the new Client Services Delivery Model, and to become more customer-led. Specifically, we:

- Implemented the Client Services Delivery Model. This model helped our staff focus on improving the key elements of the service the WCB provides. It also radically changed some of the front-line jobs within the organization, in order to provide these staff members with the knowledge and responsibility to provide a greater level of assistance to injured workers and employers. The Client Services Delivery Model also provides streamlined internal information and file-flow processes, thereby allowing WCB decision makers to more quickly access the information they need to assist injured workers and employers overcome the impact of accidents.

- Provided employees with comprehensive training materials for their individual jobs and tasks. Called tool kits, these documents highlight all of the tasks involved in performing the duties of an Adjudicator, Case Manager, Benefits Administrator and other positions within the Client Services Division. The tool kits also provide references to any information source staff may need related to claim management. This allows staff to spend less time looking for information and more time assisting our clients.

- Provided extensive training as a result of the new approaches taken by our Client Services Delivery Model. Delivered in-house by our own Human Resources, Client Services and Information Technology staff, this training covered everything from setting benefit levels and making informed decisions on claims, to complete job re-training because of major changes to some positions.

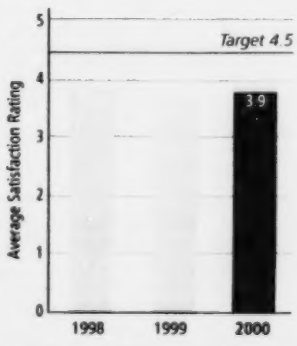
- Provided training on the Assessment Payment Plan for our Assessment Services Division staff. This training included understanding the new payment process, learning new computer screens and familiarizing themselves with the Canada Customs and Revenue Agency payment system.

- Developed a cultural training program. The WCB has started the process of reshaping its corporate culture to bring it in line with its new business approach. The process started simply as an opportunity for individual departments and teams to discuss what was working well in their areas and what improvements could be made. It also involved group discussions of what it meant to be a customer-led organization and what changes staff could make as groups and individuals in order to lead us closer to our goal.

CORPORATE PERFORMANCE MEASURE

Satisfaction with Clarity of Forms

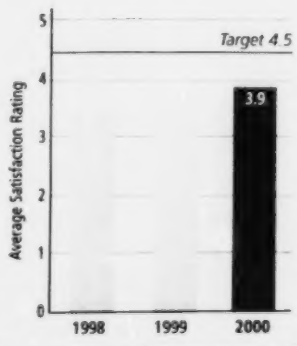
This CPM measures employer satisfaction with the clarity of the forms they receive from the WCB.



CORPORATE PERFORMANCE MEASURE

Satisfaction with Frequency of Contact

This CPM measures injured worker satisfaction with how often they are contacted about their claim.



- Developed and launched an intranet for WCB employees. The WCB's InfoNet provides staff with electronic access to the *Workers' Compensation Act*, as well as WCB policies and procedures. This information is fully searchable and can be easily used in decision letters on claim or assessment matters. It also provides WCB staff with access to training and orientation materials. This allows staff to instantly reference information on any part of the WCB's operations, thereby avoiding delays in service delivery.

- Launched a data warehouse pilot. The tools and technology that form the data warehouse project will provide a more organized tracking and reporting mechanism for the WCB's financial, statistical and business information. It provides the WCB with quick and easy access to detailed corporate performance information.

- Underwent a significant change in the make-up of the Board of Directors as four new members joined the team. The new Board members bring diverse backgrounds to the table and will provide new perspectives when guiding the WCB's future direction.

- Re-organized our offices. The WCB, with the help of a space planner, started work on restructuring the layout of the Halifax office. This building, built in 1971 and originally meant to hold approximately 150 people, was housing over 200 WCB staff. As a result, space was extremely tight and often staff who needed to work together were scattered throughout the building. The restructuring has allowed us to use our space more efficiently, which has resulted in additional physical space for staff, file storage, technology and meetings.

- Continued to support Dalhousie University and its Faculty of Health Professions with Canada's only Diploma Program in Disability Case Management. In 2000, eight WCB staff participated in the program, along with 51 staff from other Canadian workers' compensation agencies and nine participants from the private sector. The 10-credit program is offered through distance education and provides students with a broad base of skills to effectively manage the recovery of those with injuries. The WCB of Nova Scotia will continue to support and enroll qualified staff in the program for 2001.

Extra Insight

"I was fairly active before my accident," says Brian Dimmer. "I played hockey and softball and skied as often as possible." But after his injury, his first concern was whether he'd be able to walk out of the hospital.

Brian was doing some carpentry and painting work on a construction project when he fell 30 feet from the scaffolding he was standing on to the ground. While falling, Brian's back struck the scaffolding. At the hospital, he was diagnosed with a broken back, a broken wrist and a ruptured bowel.

Brian spent a month in the hospital to recover from his injuries, and his back still required extensive physiotherapy. When it became apparent that Brian wouldn't be able to return to his pre-accident work, WCB Case Manager, Cindy Shupe met with him to draw up a Vocational Rehabilitation Program. Brian participated in a Job Club, a program to help injured workers develop and expand their job skills, and various job search programs.

"A big part of helping get someone back to work is their level of commitment to their rehabilitation program. Right from the start, Brian was very involved in all aspects of his claim," says Cindy.

Through regular meetings with his case management team, Brian expressed a desire to use his commerce degree in whatever new career he pursued, and also said that it should be a much less physical type of work due to his injuries. In July 1995, Cindy Shupe heard about a position opening up at the WCB of Nova Scotia and thought it would be an excellent starting point for someone with Brian's drive and educational background. "I was fortunate to have Cindy as my case worker, because she helped get me back on my feet and get my foot in the door," says Brian. "She went above and beyond what was needed." Brian began work with the WCB as a mail clerk, responsible to ensure files and incoming mail were distributed to the appropriate person in the organization.

After two years, Brian became a Claim Processor, making sure information was placed in the appropriate claim file, and issuing the first benefit cheque to injured workers. "The WCB made a serious commitment to me by bringing an injured worker on staff and letting me show what I could do," he said.

Brian continued to expand his range of skills at the WCB, and, two years later, he became an Adjudicator with the Extended Benefits Unit. This unit deals with older claims involving workers with permanent injuries. Some of these workers are in the same position Brian was at one time.

"Being in the role I'm in now, I have a great deal of understanding for the person on the other end of the phone or across the meeting table, because I've been there myself," said Brian. "I believe I have some extra insight which can help me know how to help them."

Management's Responsibility *for financial reporting*

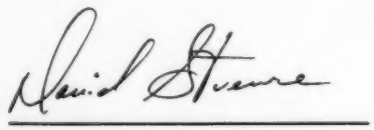
The financial statements of the Workers' Compensation Board of Nova Scotia were prepared by management, which is responsible for the integrity and fairness of the data presented, including significant accounting judgments and estimates. This responsibility includes selecting appropriate accounting principles consistent with generally accepted accounting principles in Canada.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains the necessary internal controls designed to provide reasonable assurance that relevant and reliable financial information is produced and assets are properly safeguarded. The Internal Auditor performs periodic audits designed to test the adequacy and consistency of the WCB's internal controls.

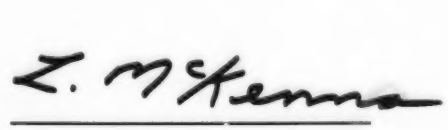
The Board of Directors has approved the financial statements included in this Annual Report. The Board of Directors is assisted in its responsibilities by the Audit & Finance Committee. This Committee reviews and recommends approval of the financial statements and meets periodically with management, the independent actuaries, and the internal and external auditors concerning internal controls and all other matters relating to financial reporting.

The firm of Eckler Partners Ltd. has been appointed as independent consulting actuaries to the WCB. Their role is to complete an independent review of the annual actuarial valuation of the benefits liabilities included in the financial statements of the WCB and to report thereon in accordance with accepted actuarial principles.

Ernst & Young LLP, the external auditors of the WCB, have performed an independent audit of the financial statements of the WCB in accordance with auditing standards generally accepted in Canada. The Auditors' Report outlines the scope of this independent audit and the opinion expressed.



David Stuewe
Chief Executive Officer



Leo D. McKenna, CA
Vice-President, Finance
and Chief Financial Officer

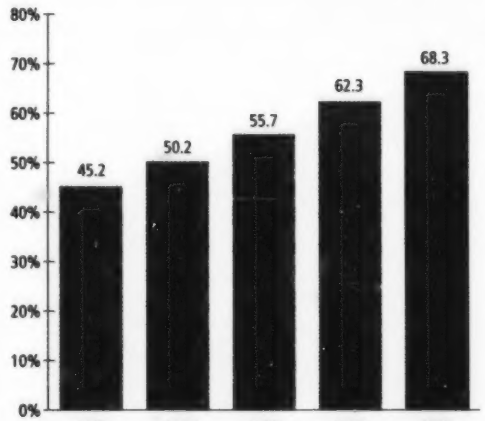
Management *discussion and analysis*

As an integral part of the Annual Report, the Management Discussion and Analysis provides further insight into the operations and financial position of the Workers' Compensation Board.

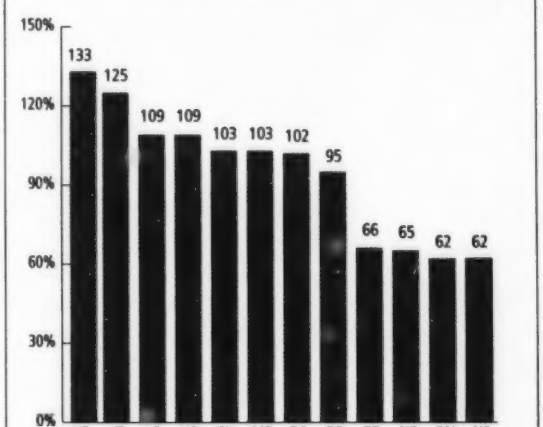
The WCB operates under the authority of the *Workers' Compensation Act* and is responsible, in accordance with the provisions of the *Act*, for administering the payment of benefits to injured workers, and for levying and collecting assessment revenues in an amount sufficient to cover the current and future costs of compensation claims. The WCB obtains its revenues from premiums based on assessable payrolls and reimbursements from self-insured employers. The WCB provides coverage to approximately 64% of employed workers in Nova Scotia.

Statement of Financial Position

Capitalization Ratios
For Nova Scotia WCB, 1996 - 2000



Capitalization Ratios
For all Canadian WCBs, 1999



The capitalization ratio is the ratio of total assets to total liabilities.

Assets

Receivables

The WCB's receivables consist primarily of amounts owed by employers for 2000 premiums, an amount due from the Canada Customs and Revenue Agency (CCRA) collected from employers on behalf of the WCB, and the recoverable portion of benefit overpayments.

Investments

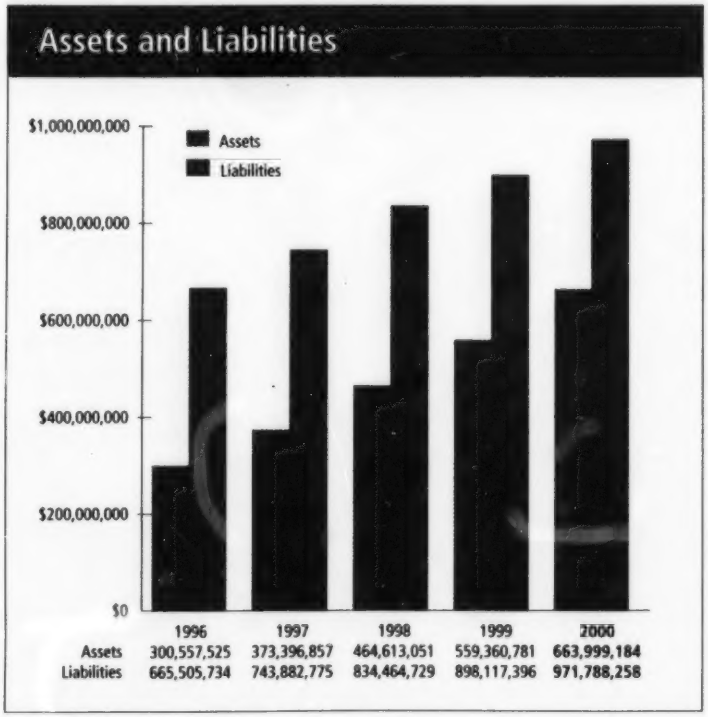
The Board of Directors oversees the WCB's investment policies and performance. The Investment Committee is a standing committee that reviews and reports to the Board of Directors on the administration, supervision and management of the investment program.

The WCB's assets are diversified among a variety of asset classes in order to optimize returns and manage risk. Investment management for long-term investments is delegated to several external investment managers. The external investment managers are required to comply with the WCB's Statement of Investment Policies and Objectives which outlines permissible investments. The established investment target is to exceed the rate-of-return generated by the benchmark portfolio by 1.25% after management fees, based on five-year, moving average time periods.

Note 4 of the financial statements indicates that the book value of the WCB's investments has increased by $87.7 million since 1999. Investment returns on the externally-managed portfolio on a market basis averaged 9.5% (net of investment fees) in 2000, a return of 6.3% after accounting for inflation of 3.2%.

The WCB's investment portfolio reflects the deferral of certain gains and losses to be amortized over a five-year period in accordance with generally accepted accounting principles. The 2000 benchmark portfolio and asset class ranges are as follows:

Asset Class	Benchmark	Minimum	Maximum
Canadian Equity	40%	25%	55%
Foreign Equity (including U.S.)	20%	10%	30%
Total Equity	**60%**	**35%**	**70%**
Fixed Income	35%	30%	55%
Short-term Investments & Cash	5%	0%	20%
Total Fixed Income & Cash	**40%**	**30%**	**65%**



Deferred Charges

The deferred charges represented the WCB's investment in the Nova Scotia Business Registry. The total invested was to be recovered over the next five years through reduced transaction fees associated with accessing the system. The agreement was revised in 2000 to completely recover the initial investment as a reduction in the contribution to the additional project costs during 2000.

Property and Equipment

Additions to capital assets in 2000 were concentrated in office furniture, computer hardware and software, and process development.

Liabilities

Payables
The principal items recorded under payables are accounts payable and accrued liabilities. Payables have increased for 2000 to $13.6 million, $3.6 million over 1999, primarily because of increases relating to amounts payable for the Nova Scotia Business Registry, costs associated with development and implementation of the Assessment Payment Plan, and amounts payable for the operating costs of the Workers' Advisers Program.

Deferred Revenue
In 1995, the Government of Nova Scotia agreed to contribute $23 million, payable in five equal installments of $4.6 million. The installments were due on April 1 of each year. Interest on deferred contributions accrued at 4.75% and prepayments were discounted at the same rate. The Government paid the amount due April 1, 1999 in 1998. The 1999 amount represented the final government contribution.

Benefits Liabilities
The benefits liabilities grew by 7.2% as set out in detail in Note 10 to the financial statements. The change in most years is attributable primarily to the change in the present value of claims payable in future years, as calculated through the annual actuarial valuation process.

Unfunded Liability
The WCB's liabilities total $971.8 million and assets total $664.0 million, resulting in an unfunded liability of $307.8 million at the end of 2000. The WCB's funding percentage has increased from 62.3% to 68.3% as at December 31, 2000.

In workers' compensation, assessment revenue should roughly equal current year costs, otherwise transfers to/from future or past employers are occurring. This will be the case in Nova Scotia until the unfunded liability is eliminated. Over the long term, investment income should be expected to equal liability requirements. This is unlikely to be achieved when there is a significant unfunded liability. Actuarial adjustments, in a stable system, should be held to marginal levels, reflecting minor differences between actual experience and estimates.

Statement of Operations and Unfunded Liability

The operating results for 2000 and 1999 may be attributed to the following factors:

($000's)	2000	1999
Assessment Revenue in Excess of Current Year Costs	$53,878	$54,267
Government Contribution	-	4,600
Investment Income below Liability Requirements	(1,581)	(5,811)
Higher Actuarial Liabilities than Previously Anticipated	(18,594)	(4,548)
Adjustment to Benefits Liabilities	-	(17,413)
Excess of Revenue over Expenses	$33,703	$31,095

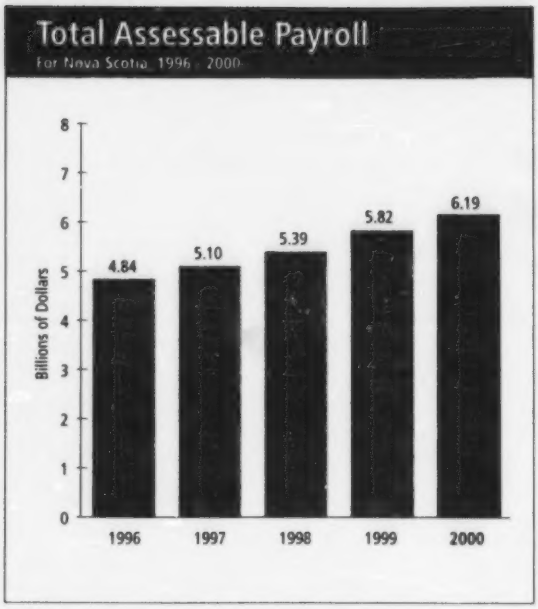
Revenues

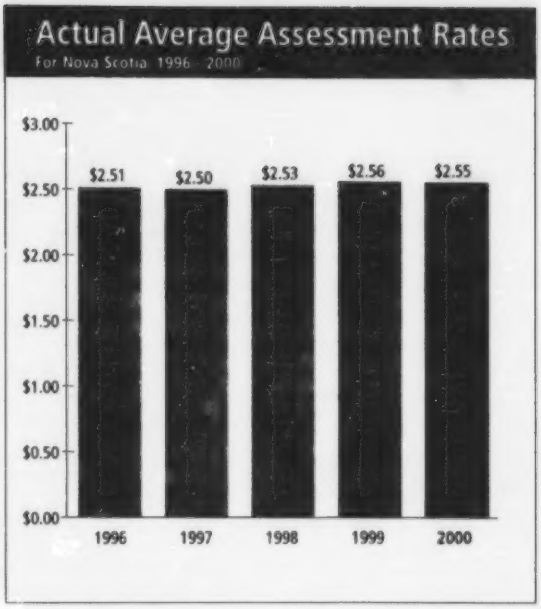
Assessment Revenue
Assessment revenue increased $12.4 million (6.9%) from 1999 levels. Revenues from registered firms increased $10.8 million (7.1%). This increase is primarily attributed to an increase in assessable payroll (6.3%). The targeted average assessment rate of $2.54 per $100 of payroll has remained stable since 1994. The actual average assessment rate in 2000 was slightly above that target. The self-insurers experienced higher claims costs in 2000, which resulted in higher direct premiums and administration charges billed of $1.6 million.

Investment Income
Investment income is derived from interest on short-term investments and recorded income on the long-term investments managed by external investment managers. The recorded income reflects the WCB's accounting policies with respect to the deferral and amortization of both realized and unrealized gains and losses within the equity and fixed income components of the actively-traded portfolio.

Total investment income is $62.1 million for 2000, an increase of $9.3 million (17.7%) over 1999 levels.

Government Contribution
As a part of the 1995 legislative reform, the Government of Nova Scotia committed to contributing $4.6 million annually for a five-year period ending in 1999.





Expenses

Claims Costs Incurred

Claims costs incurred are an estimate of the costs related to compensable injuries which occurred in 2000. These estimates take into account both unreported claims and reported but, as yet, unpaid claims. As in previous valuations, the benefits liabilities do not include any provision for future claims related to occupational disease or for future expenses of administration of existing claims.

Claims costs incurred were $7.8 million (8.0%) higher than 1999. Claims categories with significant fluctuations included short-term disability costs increasing $4.0 million (17.2%); long-term disability costs increasing $1.3 million (2.6%); and health care costs increasing $2.2 million (13.4%). Several factors influenced this aggregate result:

- Total accidents reported decreased about 0.4% and reported time-loss claims increased 11% from 1999.
- The short-term disability increase reflects increased durations (3.6%), and the increase in volume of claims (11%).
- The net increase in long-term disability claims costs combines two different features, namely the increase in earnings-loss payments and reduction in Clinical Rating Schedule (CRS) costs. Earnings-loss expenditures reflect experience under the new *Act*.
- Clinical Rating Schedule (CRS) costs dropped moderately. This decline reflects the ongoing impact of replacing the earlier pension system with the legislated earnings-loss approach to impairments, which came into effect in 1996 for accidents occurring after March 23, 1990.

Growth in Present Value of Liabilities and Actuarial Adjustments

The growth in present value of benefits liabilities is the increase in the present value of prior years' claims due to an interest amount reflecting the time value of money. Actuarial adjustments represent the adjustments to the present value of prior years' claims which were not anticipated in the prior year's valuation.

Administrative Cost
Administrative expenditures totaled $25.5 million, an increase of $2.8 million (12.5%) from 1999. The increase is attributable to the net effect of the following:

- Salaries and staff expense increased $1.65 million reflecting funding required for the application of merit increments, new positions, adjustments flowing from a collective agreement effective January 1, 2000, and the application of a new accounting policy recording costs of future employee benefits as services are rendered.

- Amortization increased $287,000 reflecting amortization of 1999 software development costs for a full year in 2000 and further investment in capital assets in 2000.

- Supplies increased $180,000 primarily reflecting increased statement and postage costs associated with the Assessment Payment Plan.

- Building operations increased $286,000 reflecting increased use of rental premises.

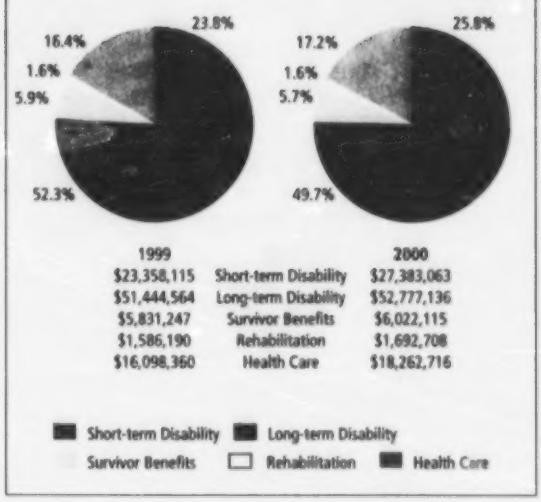
- Communications decreased $117,000 reflecting dropping long distance telecommunication costs.

- Services contracted increased $228,000 reflecting the cost of the Canada Customs and Revenue Agency processing charges for the Assessment Payment Plan.

- Training and development increased $311,000 reflecting the cost of training staff in various redesigned processes.

Legislated Obligations
The *Workers' Compensation Act* requires the WCB to pay the Province of Nova Scotia a portion of the costs of the Occupational Health and Safety Division of the Department of Environment and Labour, the costs of operating the Workers' Compensation Appeals Tribunal (WCAT), and effective April 1, 2000, the costs of operating the Workers' Advisers Program (WAP).

Total Claims Costs Incurred



1999		2000
$23,358,115	Short-term Disability	$27,383,063
$51,444,564	Long-term Disability	$52,777,136
$5,831,247	Survivor Benefits	$6,022,115
$1,586,190	Rehabilitation	$1,692,708
$16,098,360	Health Care	$18,262,716

Short-term Disability · Long-term Disability · Survivor Benefits · Rehabilitation · Health Care

In 2000, Occupational Health and Safety expenditures were $3.99 million, an increase over 1999 levels of $3.34 million. The WCB's expenditure is set by Order-in-Council and reflects the pro-rata share of the Department of Environment and Labour's expenditure in Occupational Health and Safety (OH&S). The pro-rata share is based on the ratio of the WCB's covered workforce to the workforce covered by Occupational Health and Safety.

The cost to administer the external appeals process in 2000 was $1.97 million, an increase of $0.16 million (8.6%) over 1999 levels reflecting continued efforts to eliminate the backlog of appeals in the system.

The cost to administer the Workers' Advisers Program was $1.3 million for three quarters of 2000.

Excess of Revenue Over Expenses
In 2000, total revenues of $254.9 million, less total expenditures of $221.2 million, yielded excess revenue over expenses of $33.7 million. This excess reduces the unfunded liability.

Statement of Cash Flows

During 2000, the increase in cash and investments was $2.9 million. Revenue received for premiums has increased $2.9 million from 1999. Investment revenue recorded represents an increase of $9.3 million.

Cash flow decreased $12.3 million due to the increase in cash paid for claims costs.

Disbursements relating to administrative services are up $2.6 million from 1999.

Reduced deferred charges of $0.9 million represent an increase in cash flow for the year. Investment in capital assets in 2000 was $4.0 million, a decrease of $0.2 million from 1999.

Outlook

The net results for 1995 - 2000 are significantly better than anticipated in the WCB's initial funding strategy in that the unfunded liability is $307.8 million at the end of 2000 while it was expected to be $401.9 million. However, these results represent only the first six years in a long process toward financial stability and do not yet reflect much experience with long-term disability under the new legislation. Long-term disability is the WCB's largest cost area. In addition, the net results tend to mask significant offsetting variances from the plan as described below.

The initial funding strategy was based on a 45-year amortization program which started in 1995 and reflected assumptions regarding estimated costs and revenues. These assumptions were somewhat conservative but reasonable at the time they were made, as they were based on 21 years of historical data indicating that the compound rate of increase in claims costs incurred and administration costs had outpaced the rate of increase in assessable payroll by more than 2%. In addition, assessable payroll had actually declined slightly over the last three years of the period.

The financial results in the first six years of the funding strategy (1995 - 2000) were somewhat better than expected primarily due to increasing assessable payroll coupled with declining claims costs incurred, better than expected investment returns, and lower than anticipated inflation. This allowed the discount rate used to value the WCB's liabilities to be reduced from 4.75% to 3.50% at the end of 1997 and to absorb an adjustment of $40.2 million to the benefits liabilities during 1998, leaving the WCB essentially on target with the unfunded liability at the end of 1998.

The original funding strategy anticipated claims costs incurred and administration costs for assessed employers of $105.83 million with assessable payroll of $4.6 billion in 1999. Actual claims costs incurred and administration costs for assessed employers was $98.0 million with assessable payroll of $5.82 billion in 1999. Clearly, a reduction in anticipated costs of 7.4%, combined with an increase in the revenue base of 26.5%, represented a significant change in the WCB's financial position. As a result, the WCB revised its funding strategy during 1999 to shorten the period over which the unfunded liability is eliminated. It was then expected to be eliminated in 2016 which was 23 years before the original projection of 2039.

The original funding strategy anticipated claims costs incurred and administration costs for assessed employers of $109.08 million with assessable payroll of $4.74 billion in 2000. Actual claims costs incurred and administration costs for assessed employers was $109.35 million with assessable payroll of $6.19 billion in 2000. Again, an increase in anticipated costs of 0.2%, combined with an increase in the revenue base of 30.6%, clearly represents a significant change in the WCB's financial position. As a result, during 2000, the WCB once again revised its funding strategy to shorten the period over which the unfunded liability is eliminated. It is now expected to be eliminated in 2010 which is 29 years before the original projection of 2039.

Notes 10 and 18 of the financial statements detail three areas of uncertainty, including actuarial assumptions, chronic pain-related benefits and survivor benefits, which might have a significant impact on the WCB's benefits, liabilities and funding strategy.

Funding of the workers' compensation system reflects the balance struck between the level of benefits, rates charged to employers and the WCB's funding position. When financial results are different than the target, whether better or worse, the choice becomes: adjust benefits, adjust rates, or adjust the WCB's funding position by lengthening or shortening the amortization period. As the level of benefits is set by the legislature, subject to interpretation by the courts, the funding equation is not entirely within the control of the WCB as the neutral administrator.

The WCB generally offers no comment on the affordability of new benefits or the preferred course of action to deal with a variance from the plan which may arise in any given year. We simply note that the choices are as described above. Any variance from the plan is subject to reversal in subsequent years.

It is particularly important to consider this as the recent trend of increasing assessable payroll coupled with declining claims costs incurred is inconsistent with the historical pattern of costs in Nova Scotia. Usually, claim costs increase when assessable payroll increases. Until 2000, this was not our recent experience, as assessable payroll grew faster than claims costs. In 2000, however, assessable payroll increased 6.3% while claims costs increased 8.0%. It is too early to suggest that this trend may result in a renewed lengthening of the period over which the unfunded liability is eliminated. However, it does suggest that the relatively dramatic shortening of the period recognized over the last two years has almost certainly come to an end. Investment returns and inflation are, of course, subject to significant volatility.

It is important to realize that while our financial position has significantly improved over the last six years, there are many years remaining to achieve our overall goal of financial stability and full funding.

Auditors' *Report*

To the Members of the Board of Directors Workers' Compensation Board of Nova Scotia

We have audited the statement of financial position of the Workers' Compensation Board of Nova Scotia as at December 31, 2000 and the statements of operations and unfunded liability and cash flows for the year then ended. These financial statements are the responsibility of the WCB's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the WCB as at December 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in Canada.

The financial statements for the preceding year were examined by other chartered accountants.

Ernst & Young LLP

Halifax, Nova Scotia
March 6, 2001

Ernst & Young LLP
Chartered Accountants

STATEMENT OF FINANCIAL POSITION
as at December 31

	2000	1999
ASSETS		
Cash	$ 8,122,039	$ 5,206,949
Receivables (Note 3)	20,168,465	9,551,449
Investments (Notes 4 and 15)	621,035,031	533,318,939
Deferred Charges (Note 5)	-	923,195
Property and equipment (Note 6)	12,573,649	10,567,057
Other assets (Note 7)	2,100,000	2,250,000
	$ 663,999,184	$ 561,817,589
LIABILITIES		
Payables and accruals	$ 13,641,310	$ 10,028,213
Employee future benefits (Notes 2e, 8 and 19)	3,143,426	-
Benefits liabilities (Note 10)	955,003,522	890,545,991
	971,788,258	900,574,204
Unfunded liability	(307,789,074)	(338,756,615)
	$ 663,999,184	$ 561,817,589

Commitment (Note 17)
Contingencies (Note 18)
See accompanying notes

Approved on behalf of the Board of Directors:

Chair

Director

STATEMENT OF OPERATIONS AND UNFUNDED LIABILITY

Year ended December 31

	2000	1999
Revenue		
Assessments (Notes 11 and 15)	$ 192,750,378	$180,379,331
Net investment income (Note 15)	62,103,123	52,760,235
Government contribution (Note 9)	-	4,600,000
	254,853,501	237,739,566
Claims costs incurred (Notes 10 and 15)		
Short-term disability	27,383,063	23,358,015
Long-term disability	52,777,136	51,444,564
Survivor benefits	6,022,115	5,831,247
Health care	18,262,716	16,098,360
Rehabilitation	1,692,708	1,586,190
	106,137,738	98,318,376
Growth in present value of benefits liabilities and actuarial adjustments (Note 10)	82,277,983	63,118,914
Administration costs (Notes 12 and 15)	25,465,681	22,640,245
Legislated obligations (Note 13)	7,269,158	5,154,149
	221,150,560	189,231,684
Excess of revenue over expenses before below noted item	33,702,941	48,507,882
Adjustment to benefits liabilities (Note 10)	-	17,412,819
Excess of revenue over expenses applied to reduce the unfunded liability	33,702,941	31,095,063
Unfunded liability, beginning of year	(338,756,615)	(369,851,678)
Employee future benefits (Note 2e)	(2,735,400)	-
Unfunded liability, end of year	$(307,789,074)	$(338,756,615)

See accompanying notes

STATEMENT OF CASH FLOWS

Year ended December 31

	2000	1999
Operating Activities		
Cash received from:		
Employers, for assessments	$181,877,148	$178,938,402
Net investment income	62,103,123	52,760,235
	243,980,271	231,698,637
Cash paid to:		
Claimants or third parties on their behalf	(123,979,228)	(111,704,263)
Suppliers, for administrative and other goods and services	(26,318,149)	(23,731,291)
	(150,297,377)	(135,435,554)
Deferred charges (Note 5)	923,195	(923,195)
Net cash provided by operating activities	94,606,089	95,339,888
Investing Activities		
Increase in investments	(87,716,092)	(88,085,848)
Cash paid for:		
Purchases of property and equipment	(3,974,907)	(4,172,639)
Net cash used in investing activities	(91,690,999)	(92,258,487)
Net increase in cash	2,915,090	3,081,401
Cash, beginning of year	5,206,949	2,125,548
Cash, end of year	$ 8,122,039	$ 5,206,949

See accompanying notes

1. NATURE OF OPERATIONS

The Workers' Compensation Board of Nova Scotia ("the WCB") was established by the Nova Scotia Legislature in 1917, under the *Workers' Compensation Act* ("the *Act*"), and as such is exempt from income tax. The WCB is responsible, in accordance with the provisions of the *Act*, for administering the payment of benefits to injured workers; levying and collecting assessment revenues from established classes of employers in amounts sufficient to cover the costs of claims and administration; and investing funds held for future benefit payments.

A new *Act* received Royal Assent on February 6, 1995. The *Act* contains several provisions dealing with retroactive entitlement for permanent disability. Permanent injuries incurred before March 23, 1990 will be compensated according to the workers' level of physical impairment. Permanent injuries incurred on or after this date are primarily compensated according to the earnings loss resulting from the injury.

Amendments to the *Act* received Royal Assent on April 16, 1999. The amendments contained a number of provisions including:

- Establishment of the level of benefits for certain workers with chronic pain whose accidents occurred after March 23, 1990 and before February 1, 1996;
- Reinstatement of Amended Interim Earnings Loss Benefits;
- Reinstatement of survivor benefits to survivors who remarried prior to 1992;
- Extension of survivor pensions for life rather than to age 65, where a compensable death occurs after February 1, 1996 as a result of injuries prior to February 1, 1996.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with generally accepted accounting principles, which include the following accounting policies:

a) Assessments Receivable

Assessments receivable and assessment revenue include a provision for unbilled assessments to reflect anticipated revisions based upon actual payroll information received in the following year.

b) Investments

Fixed-term investments are recorded at amortized cost. Gains or losses realized on disposal of fixed-term investments are amortized on a straight-line basis over a five-year period.

Equity investments are stated at moving average market value. Unrealized gains and losses occurring during the year, together with gains and losses realized on disposal of equities during the year, are deferred and amortized on a straight-line basis over a five-year period.

Where it is determined that a permanent impairment in the carrying value of the entire investment portfolio has occurred, the carrying value of the portfolio is written down to recognize the loss and the write down is included in the income of the year in which it occurs.

c) Property and Equipment

Property and equipment are stated at cost, less accumulated amortization. Amortization is charged on a straight-line basis over a period from 5 to 40 years for all assets except computer software. Amortization is charged on a straight-line basis over a period from 5 to 10 years for software and process development and on a declining balance basis at an annual rate of 30 percent for software purchases. In the year of acquisition, a half-year's amortization is taken.

d) Other Assets

Other assets are stated at cost, less accumulated amortization, which is charged on a straight-line basis over 25 years.

e) Employee Future Benefits

Effective January 1, 2000, the WCB retroactively adopted an accounting policy to record its liability for employee future benefits. The main components of this change are as follows:

- Costs for employee future benefits other than pensions are accrued over the periods in which the employees render services in return for these benefits. The costs associated with non-pension future benefits were previously expensed as incurred.
- The cumulative effect of this accounting policy change as of January 1, 2000 is an increase to the employee future benefits of $2,735,400 and an increase to the unfunded liability for the same amount.
- A liability for employee future benefits of $3,143,426 has been included in the financial statements, in the current year.
- The current year's net expense incurred for future employee benefits is $408,026.

Actuarial gains and losses are amortized on a straight-line basis over the employee's average remaining service life.

As the effect of this accounting change on the prior year is not reasonably determinable, the comparative statements have not been restated to reflect this change.

f) Benefits Liabilities

An independent actuary completes a valuation of the Benefits Liabilities of the WCB at each year-end. The Benefits liabilities represent the actuarial present value of all future benefits payments expected to be made for accidents which occurred in the current fiscal year or in any prior year. The Benefits Liabilities include provision for all benefits provided by current legislation, policies and/or administrative practices in respect of existing claims. No provision has been made for future claims related to occupational disease or for future expenses for administration of existing claims (see also Note 10).

g) Foreign Currency Translation

Monetary assets denominated in foreign currencies, exist as investments, and are converted to Canadian dollars at rates of exchange prevailing at the balance sheet date. The resulting differences between the translation at the original transaction date and the balance sheet date recognized on disposal are deferred and amortized on a straight-line basis over a five-year period.

h) Measurement Uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

i) Financial Instruments

The carrying values of the WCB's financial instruments, other than investments, approximate fair values because of their short-term maturity and normal credit terms. Investments are recorded as described in note 2b.

The WCB's accounts receivable do not represent significant concentration of credit risk because the accounts are owed by a large number of employers on normal credit terms.

At year-end, the WCB did not have any exposure relating to derivative instruments.

3. RECEIVABLES

	2000	1999
Assessments	$ 18,761,827	$ 7,492,745
Self-insured employers (Note 14)	4,457,049	4,850,208
Assessments receivable	23,218,876	12,342,953
Self-insured employers - deposits (Note 14)	(4,001,250)	(4,001,250)
Government of Nova Scotia	-	527,765
Harmonized Sales Tax rebate	465,271	249,396
Other	485,568	432,585
	$ 20,168,465	$ 9,551,449

Assessments receivable are net of allowance for doubtful accounts of $1,250,913 in 2000 (1999 - $775,824). Other receivables are net of allowance for doubtful accounts of $71,282 in 2000 (1999 - $66,022).

4. INVESTMENTS

	2000	1999
Money Market	$ 86,566,419	$ 105,480,613
Fixed-term investments (market value 2000 - $247,672,406; 1999 - $174,628,538)	243,992,047	180,927,930
Equities (market value 2000 - $360,990,287; 1999 - $340,748,058)	336,429,222	271,322,648
Accrued interest	3,247,249	3,134,732
	670,234,937	560,865,923
Deferred investment gains	(49,199,906)	(27,546,984)
	$621,035,031	$533,318,939

5. DEFERRED CHARGES

During 1999, the WCB entered into an agreement with the Nova Scotia Department of Business and Consumer Services on the establishment of the Nova Scotia Business Registry. The WCB invested $923,195 to assist with the start up costs of the Registry. Initially, the deferred charge was to be amortized to expense over five years at a rate equivalent to the savings in

transaction fees. The agreement was revised in 2000 to completely recover the initial investment as a reduction in the contribution to the additional project costs during 2000.

6. PROPERTY AND EQUIPMENT:

	Cost	Accumulated Amortization	Net Book Value 2000	Net Book Value 1999
Land	$ 154,764	$ -	$ 154,764	$ 154,764
Building	3,278,302	1,214,786	2,063,516	2,068,785
Furniture	1,719,471	503,643	1,215,828	348,661
Equipment and computer hardware	3,119,731	1,794,322	1,325,409	1,616,690
Software and process development	13,016,107	5,201,975	7,814,132	6,378,157
	$ 21,288,375	$ 8,714,726	$ 12,573,649	$10,567,057

7. OTHER ASSETS

	2000	1999
Cost	$ 3,750,000	$ 3,750,000
Accumulated amortization	(1,650,000)	(1,500,000)
	$ 2,100,000	$ 2,250,000

During 1990, the WCB paid $3,750,000 to the Province of Nova Scotia for the exclusive right to utilize a 16-bed unit at the Queen Elizabeth II Health Sciences Centre for a period of 25 years.

8. EMPLOYEE FUTURE BENEFITS

The WCB has provided for employee future benefits other than pensions as follows: retirement allowance, life insurance, dental and medical programs.

The significant actuarial assumptions adopted in measuring the WCB's accrued benefit obligations are as follows:

	Other Benefit Plans 2000
Discount rate	6.75%
Expected health care costs trend rate	10% in 2000; decreasing annually by 1% increments to an ultimate rate of 5%
Drug claim increases trend rate	12% in 2000; decreasing annually by 1% increments to an ultimate rate of 6%
Retirement age assumption	59 years

9. GOVERNMENT CONTRIBUTION

In 1995, the Government of Nova Scotia agreed to contribute $23,000,000 to the WCB, payable in five equal instalments of $4,600,000. The instalments were due on April 1 of each year. Interest on deferred contributions accrued at 4.75% and prepayments were discounted at the same rate. There are no further amounts due pursuant to the agreement.

10. BENEFITS LIABILITIES

	Short-Term Disability	Long-Term Disability	Survivor Benefits	Health Care	Rehabilitation	Total 2000	Total 1999
Balance, beginning of year	$40,146,569	$654,307,704	$118,833,197	$69,919,983	$7,338,538	$890,545,991	$823,903,110
Growth in present value of benefits liabilities	2,609,527	47,437,309	8,615,407	4,544,799	477,005	63,684,047	58,571,207
Actuarial adjustments	11,316,094	(3,699,818)	2,887,168	7,382,319	708,173	18,593,936	4,547,707
	13,925,621	43,737,491	11,502,575	11,927,118	1,185,178	82,277,983	63,118,914
Claims costs incurred	27,383,063	52,777,136	6,022,115	18,262,716	1,692,708	106,137,738	98,318,376
Claims payments made	(30,285,881)	(53,459,735)	(14,373,720)	(23,780,365)	(2,058,489)	(123,958,190)	(112,207,228)
Adjustment to Benefits liabilities	-	-	-	-	-	-	17,412,819
Balance, end of year	$51,169,372	$697,362,596	$121,984,167	$76,329,452	$8,157,935	$955,003,522	$890,545,991

Adjustment to Benefits Liabilities

The 1999 adjustment to the benefits liabilities of $17,412,819 combined with an adjustment of $40,203,000 recorded in 1998 represent the WCB's best estimate of the present value of the benefits payable pursuant to the amendments to the *Act* which received Royal Assent on April 16, 1999 (Note 1).

The WCB's independent actuaries, in their report of February 28, 2001, have noted that limited data is yet available in respect of the effect of the earnings-loss procedures upon aggregate benefits liabilities. The portion of the WCB's recorded benefits liabilities which is subject to earnings-loss procedures is $385,272,000.

Recorded benefits liabilities are based upon the best estimation techniques presently available to the WCB. However, it is possible that subsequent independent actuarial estimates may vary based upon the more extensive experience and data under the new earnings-loss procedures that will become available over time. The probability and the magnitude of such a variance, which could be material, is presently undeterminable.

11. ASSESSMENTS

	2000	1999
Classes	$ 160,240,872	$ 149,679,867
Self-insured employers (Note 14)	29,520,841	27,917,724
Premium adjustment charge	1,329,752	2,031,420
Assessment and reporting penalties	1,658,913	750,320
	$ 192,750,378	$180,379,331

Assessment revenue is shown net of bad debt expense of $797,686 in 2000 (1999 - $566,128).

12. ADMINISTRATION COSTS

	2000	1999
Salaries and staff expense	$ 16,824,424	$ 15,236,476
Amortization	2,099,430	1,812,518
Professional fees	1,297,846	1,271,608
Building operations	1,278,098	992,404
Services contracted	1,095,432	867,302
Supplies	873,042	693,180
Training and development	750,268	439,252
Communications	610,464	727,573
Travel and accommodations	584,833	563,937
Equipment rental	28,976	20,722
Miscellaneous	22,868	15,273
	$ 25,465,681	$ 22,640,245

13. LEGISLATED OBLIGATIONS

	2000	1999
Occupational Health and Safety	$ 3,994,818	$ 3,339,535
Workers' Compensation Appeals Tribunal	1,971,590	1,814,614
Workers' Advisers Program	1,302,750	-
	$ 7,269,158	$ 5,154,149

The WCB is required by the *Act* to reimburse the Government of Nova Scotia for part of the operating costs of the Occupational Health and Safety Division of the Department of Environment and Labour. Total operating expenses incurred by the WCB for 2000 were $3,994,818 (1999 - $3,339,535).

The Workers' Compensation Appeals Tribunal (WCAT) is an independent organization formed to hear appeals of workers' compensation claims and assessment decisions. The WCB is required by the *Act* to absorb the operating costs of the WCAT.

The Workers' Advisers Program (WAP) offers legal advice and assistance to eligible injured workers on workers' compensation matters. The WAP operates autonomously from the WCB. The WCB is required by the *Act* to absorb the operating costs of the WAP.

14. SELF-INSURED EMPLOYERS

These financial statements include the effects of transactions carried out for self-insured employers-federal and provincial government bodies-who directly bear the costs of their own incurred claims and an appropriate share of administration costs.

	2000	1999
Revenue	$ 29,520,841	$ 27,917,724
Claims costs incurred		
Short-term disability	$ 2,989,890	$ 2,463,779
Long-term disability	14,975,735	14,408,973
Survivor benefits	3,556,667	3,516,898
Health care	3,674,208	3,480,383
Rehabilitation	138,707	231,633
	25,335,207	24,101,666
Administration costs	4,185,634	3,816,058
	$ 29,520,841	$ 27,917,724

The benefits liabilities related to self-insured employers have not been included in the WCB's benefits liabilities account. As these liabilities will be borne by those employers when paid in future years, they do not add to the WCB's unfunded liability.

15. RELATED PARTY TRANSACTIONS

Pursuant to various legislative amendments to the *Act*, the Province of Nova Scotia reimburses the WCB for certain claims costs incurred. These claims payments are billed to and recovered from the consolidated fund on a monthly basis. Total recoveries for 2000 were $1,177,160 (1999 - $1,091,497). Claims payments indicated in Note 10 are shown net of these amounts.

In addition, the WCB provides self-insured coverage to provincial government agencies and departments. The Province, as a self-insured employer, reimburses the WCB for their own incurred claims and a share of administration costs. The amounts included in Note 14 for the Province of Nova Scotia are as follows:

	2000	1999
Revenue	$ 2,878,679	$ 2,113,231
Claims Costs Incurred	$ 2,369,001	$ 1,888,617
Administration charges	509,678	224,614
	$ 2,878,679	$ 2,113,231

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The balances due to and due from related parties are non-interest bearing and under normal credit terms.

The WCB invests short-term funds in promissory notes of the Province of Nova Scotia. Interest earned on these investments totalled $4,560,070 in 2000 (1999 - $4,847,878). Total funds invested in notes due from the Province as at December 31, 2000 were $ 40,000,000 (1999 - $69,000,000).

16. INDUSTRY LEVIES

As a result of Orders-in-Council, the WCB has levied a surcharge against the following industries to fund a portion of the operating costs of safety and health training programs conducted by the industry. The amounts collected have been disbursed as directed by the Orders-in-Council. As the funds collected on behalf of these Associations are not those of the WCB, they have not been included as revenue or costs in the Statement of Operations and Unfunded Liability.

Industry	Payee	2000	1999
Construction	Nova Scotia Construction Safety Association	$ 897,847	$ 944,090
Forestry	Nova Scotia Forestry Safety Society	$ 290,504	$ 296,192
Trucking	Nova Scotia Trucking Safety Association	$ 183,097	$ -
Retail Gasoline	Retail Gasoline Dealers' Association	$ 18,595	$ 30,695

17. COMMITMENT

The WCB has committed to the following operating lease payments, for office premises and equipment, over the next five years:

2001	$ 805,582
2002	$ 637,546
2003	$ 180,634
2004	$ 21,837
2005	$ 21,837

18. CONTINGENCIES

a) Chronic Pain-Related Benefits

On January 31, 2000, the Workers' Compensation Appeals Tribunal issued two decisions indicating certain provisions of the *Act* and Regulations were unconstitutional. This decision was overturned by the Court of Appeal on November 8, 2000; however, the Appellants are now seeking Leave to Appeal to the Supreme Court of Canada. The provisions affected by the decisions relate specifically to the eligibility of workers to receive benefits for chronic pain. Unresolved issues surrounding this ruling have the potential to increase the liabilities relating to chronic pain benefits. The probability and magnitude of such an increase are currently undeterminable.

b) Survivor Benefits

On April 25, 2000, the Supreme Court of Nova Scotia ruled that the legislation which ended survivors' benefits on remarriage was unconstitutional and ordered retroactive reinstatement of benefits. This decision was appealed to the Nova Scotia Court of Appeal, by the Attorney General of Nova Scotia, and was heard February 9, 2001. Retroactive reinstatement of benefits to survivors has the potential to increase the WCB's liabilities by approximately $10,800,000. The probability of such an increase in the liabilities is currently undeterminable.

19. EMPLOYEE PENSION PLAN

Employees of the WCB participate in The Public Service Superannuation Fund, (the "Plan"), a contributory defined benefit pension plan administered by the Province of Nova Scotia, which provides pension benefits based on length of service and earnings. Contributions to the plan are required by both employees and the WCB. Total employer contributions for 2000 were $754,775 (1999 - $553,234) and are recognized as an expense in the period. The WCB is not responsible for any unfunded liability, nor does the WCB have any access to any surplus that may arise in this Plan.

20. COMPARATIVE FIGURES

Certain 1999 comparative figures have been reclassified to conform with the 2000 presentation format.

ACTUARIAL CERTIFICATE

We have completed an actuarial valuation of the benefits liabilities for insured employers under the *Workers' Compensation Act* of Nova Scotia as at December 31, 2000, for the purpose of providing input to the Financial Statements of the Board.

Our estimate of the benefits liabilities of $955,003,522 represents the actuarial present value at December 31, 2000, of all expected health-care payments, short-term disability benefits, long-term disability benefits, survivors' benefits and rehabilitation payments which will be made in future years, and which relate to claims arising from events which occurred on or before December 31, 2000. As in previous valuations, the benefits liabilities do not include any provision for future claims related to occupational disease or for future costs associated with the administration of existing claims.

A new *Workers' Compensation Act* came into force on February 1, 1996. To estimate the effect of wage-loss procedures and other elements of the new *Act*, we have made use of techniques, which were applied in the wage-loss costing work done in 1994, to evaluate the effect of the new *Act*. This work is described in separate reports to the Board.

No allowance has been made in these liabilities for any possible future deviations from the present policies and practices of the Board or for the extension of new coverage types.

The liabilities have been broken down into five categories, namely: short-term disability; long-term disability; survivors' benefits; health care; and rehabilitation.

All liabilities have been calculated using underlying assumptions of 3.5% real rate-of-return on invested assets and rates of increase in the Consumer Price Index equal to 4.0% per annum. These assumptions are consistent with those used in the actuarial valuation as at December 31, 1999.

The above Consumer Price Index assumption translates into inflation rates for indexing of benefits of 2.0% in respect of long-term disabilities and permanent survivors' benefits. Indexing is at 50% of the rate of increase in the Consumer Price Index.

Liabilities in respect of future permanent long-term disability and survivors' benefits awards have been determined based on factors developed from historical patterns of permanent awards, and using mortality and valuation interest rate assumptions consistent with those used in determining the existing pension liabilities. These liabilities have been adjusted for the new *Act* by blending the wage-loss costing results with emerging experience.

The liabilities in respect of short-term disability, health care, rehabilitation, and the non-permanent portion of survivors' benefits have been determined from projections of future claim payments. These projections have been based on continuation of recent payment patterns by years since the accident. An inflation rate of 4.0% per annum have been used to project future cash flows from short-term disability claims and the non-permanent portion of survivors' benefits; and 4.5% per annum has been used for health care and rehabilitation, reflecting the greater expected inflation rate on these items.

We have reviewed the data which were used for the valuation to test for reasonableness and consistency with the data used in prior years. However, it must be emphasized that limited data are available in terms of the effect of wage-loss procedures on the liabilities. The amount of the liabilities affected by this is $385,272,000. Notwithstanding this limitation, it is our opinion that the data are sufficient and reliable for the purpose of this valuation.

In our opinion, the actuarial assumptions are appropriate for the purpose of the valuation and the methods employed are consistent with sound actuarial principles. Our valuation report has been prepared and our opinions have been given in accordance with accepted actuarial principles.

Paul Conrad

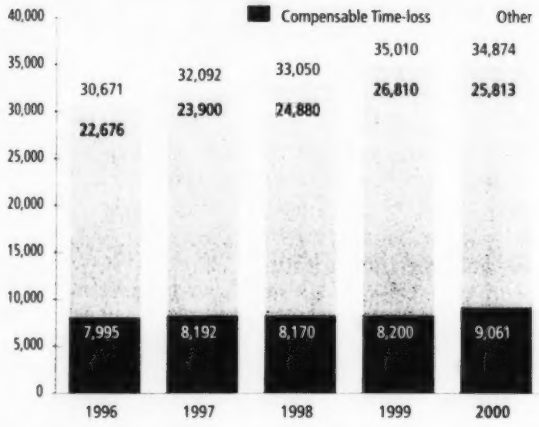
Paul G. Conrad, F.C.I.A., F.S.A.,M.A.A.A.
Eckler Partners Ltd.
February 28, 2001

2000 *statistical summary*

In 2000:

- The total number of time-loss claims in 2000 is 9,061. This represents an 11% increase from the 1999 total of 8,200.
- The total number of claims registered decreased by 0.4% from 35,010 in 1999 to 34,874 in 2000.
- Average claim-processing time has decreased by 11.6% (for all claims registered) since 1996, moving from 36.2 calendar days to 32.0 calendar days in 2000.
- 56.3% of claims receiving a compensation payment were paid within 15 days of the claim's arrival at the WCB (internal processing time). This represents an increase over last year's figure of 47.8%
- "Sprains and strains" were by far the most common type of time-loss injury, with the back being the most common part of the body injured.
- The average duration of time-loss claims increased 3.5% to 85.5 days from 82.6 days in 1999.
- Total assessable payroll has increased steadily since 1996. The current figure is $6.19 billion, a 27.9% increase from the 1996 figure of $4.84 billion.
- Nova Scotia's targeted average assessment rate of $2.54 per $100 of payroll was the second highest among the 12 Canadian jurisdictions. The actual rate was $2.55 per $100 of payroll as of February 28, 2001.
- The capitalization ratio increased from 62.3% in 1999 to 68.3% in 2000. The capitalization ratio is the WCB's total assets divided by its total liabilities.

Claims Registered



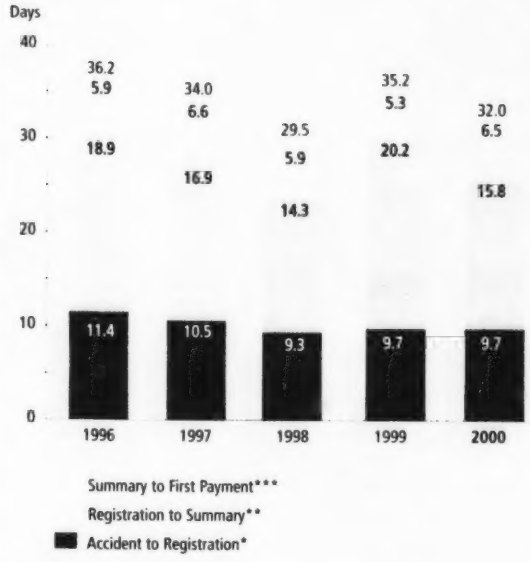
	1996	1997	1998	1999	2000
Compensable Time-loss	7,995	8,192	8,170	8,200	**9,061**
Other:					
No Compensable Time-loss	19,164	19,970	20,332	22,790	**22,251**
Fatal	15	16	18	23	**17**
Not Pursued or Disallowed	3,497	3,914	4,330	3,997	**3,545**
Other Subtotal	22,676	23,900	24,880	26,810	**25,813**
Total	30,671	32,092	33,050	35,010	**34,874**
Clients with Registered Claims	26,520	27,779	28,535	30,046	**30,110**

Claims represented are those registered during the report year. Time-loss claims for 1997, 1998 and 1999 are defined as those claims which received a time-loss benefit during the report year, or within two months of the report year. The definition is the same for 1996 except that time-loss benefits paid within three months of the report year were used to define time-loss claims.

Some WCB clients may have had more than one accident/claim in a year, therefore, the number of clients with claims registered does not equal the number of claims registered.

**1998 and prior years' figures are restated based on adoption of the Association of Workers' Compensation Boards of Canada (AWCBC) definition.*

Average Claims Processing Time



Based on all accidents occurring during the year as of December 31. Excludes occupational illness claims.

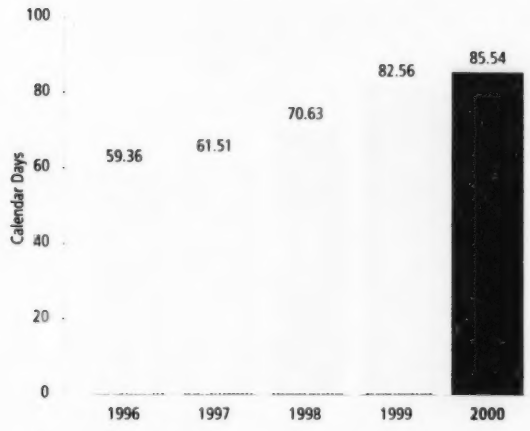
** Time from the date of accident to when a claim is officially opened at the WCB.*

*** Time from when a claim is first opened until all information required to make a decision is collected for a claim.*

**** Time from when all required information is collected on a claim and the first compensation payment is entered onto the system.*

Average Duration of Short-Term Disability Claims

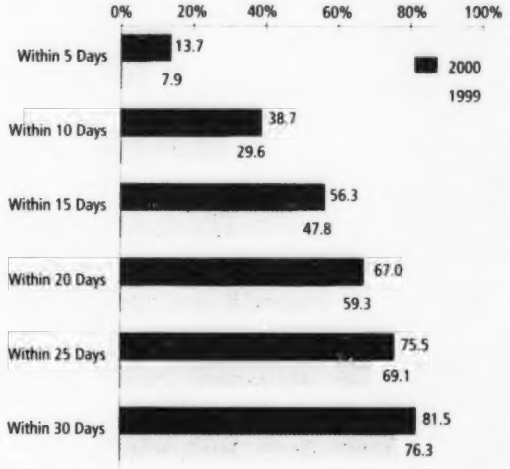
Using the AWCBC Composite Method



To make all years comparable, averages are based on the first five years of an accident's duration.

Internal Processing Time

Percent of claims paid within x days of being registered with the WCB



Based on claims with accidents occurring during the year that received compensation during the year. Excludes occupational illness claims.

Claims Registered by Firm

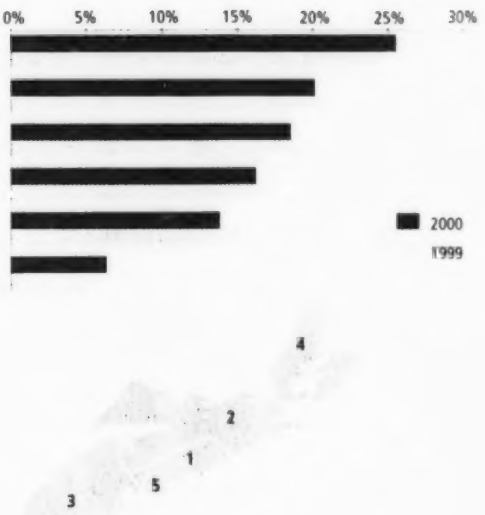
Number of firms	Number of claims registered 2000	% of all firms	Number of new claims registered	% of new claims registered
16	200 or more	0.10%	8,629	24.74%
41	100 or more	0.26%	12,046	34.54%
96	50 or more	0.60%	15,916	45.64%
221	25 or more	1.39%	20,114	57.68%
563	10 or more	3.53%	25,200	72.26%
1089	5 or more	6.83%	28,587	81.97%

Note: Totals for all columns are cumulative. For example, 96 firms account for 0.60% of all registered firms and 45.64% of all claims registered during 2000.

Compensable Time-Loss Claims by Integrated Service Unit

Accident Region

	1999	%	2000	%
1 Halifax County	2,044	24.9%	2,308	25.5%
2 Central & North Shore	1,748	21.3%	1,820	20.1%
3 South Shore & Valley	1,574	19.2%	1,674	18.5%
4 Cape Breton	1,449	17.7%	1,466	16.2%
5 Halifax City	1,319	16.1%	1,252	13.8%
Other	66	0.8%	571	6.3%
	8,200	100%	9,061	100%

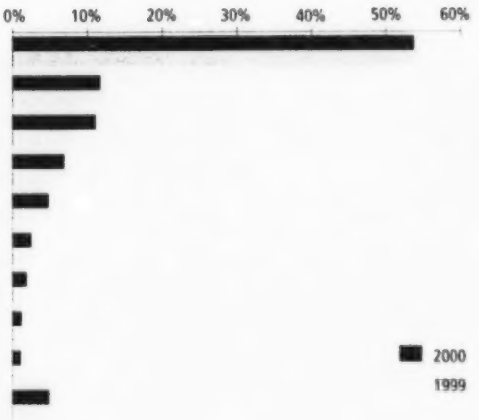


Claims represented are those registered during the report year. Time-loss claims are defined as those claims which received a time-loss benefit during the report year, or within two months of the report year. The category of Other includes the Extended Benefits Unit, the Special Services Unit, and miscellaneous.

Compensable Time-Loss Claims by

Nature of Injury

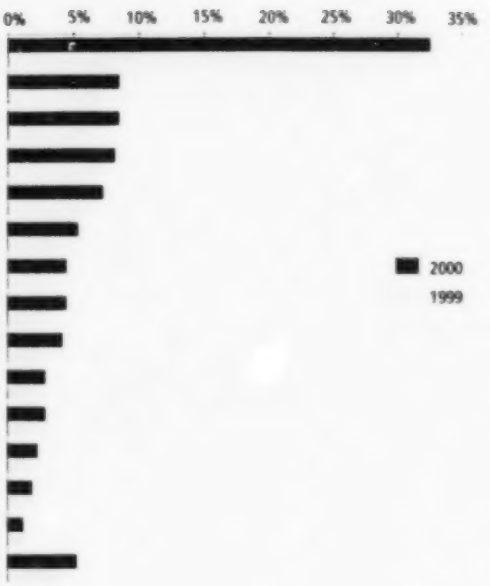
	1999	%	2000	%
Sprains, strains	4,448	54.2%	4,865	53.7%
Contusion, crushing, bruise	1,008	12.3%	1,061	11.7%
Nature not stated	655	8.0%	1,010	11.1%
Cut, laceration, puncture	595	7.3%	626	6.9%
Fracture (includes teeth)	437	5.3%	437	4.8%
Inflamed joint, tendon, or muscle	244	3.0%	228	2.5%
Burn or scald (hot or cold)	138	1.7%	174	1.9%
Hernia, rupture	133	1.6%	112	1.2%
Scratches, abrasions	111	1.4%	101	1.1%
All Other	431	5.3%	447	4.9%
Total	8,200	100%	9,061	100%



Categories based on Statistics Canada Workplace Injury Codes. Claims represented are those registered during the report year. Time-loss claims for 1999 and 2000 are defined as those claims which received a time-loss benefit during the report year, or within two months of the report year.

Compensable Time-Loss Claims by Part of Body

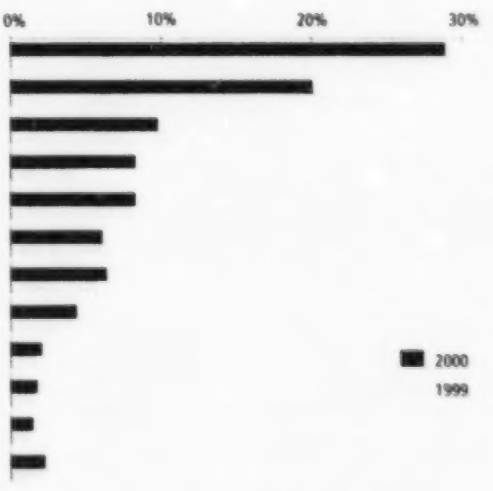
	1999	%	2000	%
Back	2,733	33.3%	2,942	32.5%
Leg(s)	726	8.9%	772	8.5%
Multiple parts	640	7.8%	769	8.5%
Fingers	661	8.1%	742	8.2%
Shoulder(s)	563	6.9%	660	7.3%
Arms(s) (above wrist)	439	5.4%	487	5.4%
Ankle	376	4.6%	410	4.5%
Hand (does not include fingers)	342	4.2%	405	4.5%
Wrist	359	4.4%	385	4.2%
Foot (does not include toes)	263	3.2%	261	2.9%
Neck	236	2.9%	259	2.9%
Chest	179	2.2%	211	2.3%
Hips	170	2.1%	173	1.9%
Eyes	108	1.3%	107	1.2%
All other	405	4.9%	478	5.3%
Total	8,200	100%	9,061	100%



Categories based on Statistics Canada Workplace Injury Codes. Claims represented are those registered during the report year. Time-loss claims for 1999 and 2000 are defined as those claims which received a time-loss benefit during the report year, or within two months of the report year.

Compensable Time-Lost Claims by Type of Injury

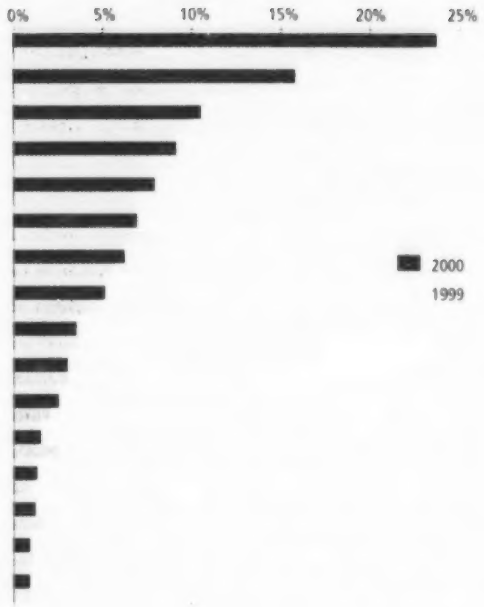
	1999	%	2000	%
Overexertion	2,411	29.4%	2,616	28.9%
Bodily reaction	1,961	23.9%	1,822	20.1%
Struck by	872	10.6%	886	9.8%
Type of accident, unspecified	375	4.6%	755	8.3%
Fall on same level	664	8.1%	750	8.3%
Struck against	534	6.5%	552	6.1%
Fall from elevation	471	5.7%	583	6.4%
Caught in, under, or between	358	4.4%	395	4.4%
Motor vehicle accidents	137	1.7%	191	2.1%
Contact with temperature extremes	128	1.6%	164	1.8%
Rubbed or abraded	103	1.3%	139	1.5%
All other	186	2.3%	208	2.3%
Total	8,200	100%	9,061	100%



Categories based on Statistics Canada Workplace Injury Codes. Claims represented are those registered during the report year. Time-loss claims for 1999 and 2000 are defined as those claims which received a time-loss benefit during the report year, or within two months of the report year.

Compensable Time-Loss Claims by Industry Sector

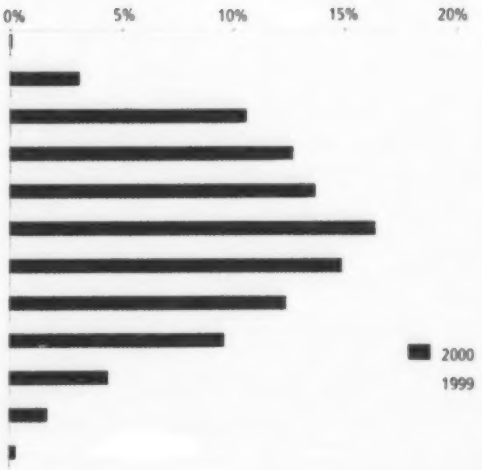
	1999	%	2000	%
Manufacturing	1,878	22.9%	2,151	23.7%
Health and social services	1,395	17.0%	1,429	15.8%
Retail trade	823	10.0%	955	10.5%
Construction	781	9.5%	821	9.1%
Accommodation, food and beverage	560	6.8%	716	7.9%
Government services	637	7.8%	623	6.9%
Transportation	455	5.5%	562	6.2%
Wholesale trade	401	4.9%	463	5.1%
Communication	296	3.6%	315	3.5%
Other service	242	3.0%	276	3.0%
Fishing and trapping	162	2.0%	224	2.5%
Mining	206	2.5%	140	1.5%
Business service	73	0.9%	115	1.3%
Logging and forestry	130	1.6%	112	1.2%
Agriculture	91	1.1%	79	0.9%
All other	70	0.9%	80	0.9%
Total	8,200	100%	9,061	100%



Categories based on Statistics Canada Standard Industry Classification Codes. Claims represented are those registered during the report year. Time-loss claims for 1999 and 2000 are defined as those claims which received a time-loss benefit during the report year, or within two months of the report year.

Compensable Time-Loss Claims by Age at Accident Date

	1999	%	2000	%
Not Stated	10	0.1%	10	0.1%
Less than 20	239	2.9%	279	3.1%
20 to 24	851	10.4%	958	10.6%
25 to 29	978	11.9%	1,147	12.7%
30 to 34	1,094	13.3%	1,239	13.7%
35 to 39	1,444	17.6%	1,486	16.4%
40 to 44	1,267	15.5%	1,353	14.9%
45 to 49	1,046	12.8%	1,126	12.4%
50 to 54	754	9.2%	872	9.6%
55 to 59	369	4.5%	403	4.4%
60 to 64	131	1.6%	158	1.7%
65 or older	17	0.2%	30	0.3%
	8,200	100%	9,061	100%



Claims represented are those registered during the report year. Time-loss claims for 1999 and 2000 are defined as those claims which received a time-loss benefit during the report year, or within two months of the report year.

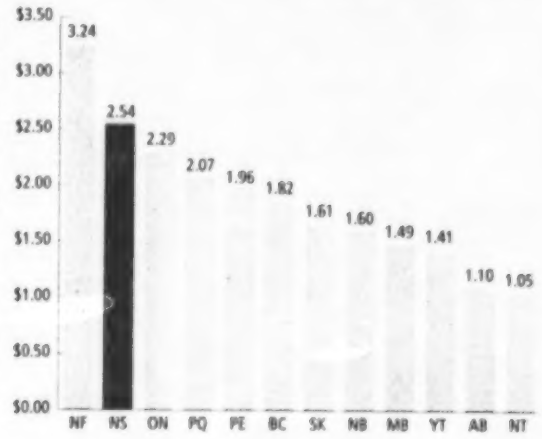
Compensable Time-Loss Claims by Sex of Client

	1999	%	2000	%
Male	5,555	67.7%	6,041	66.7%
Female	2,645	32.3%	3020	33.3%
	8,200	100%	9,061	100%

Claims represented are those registered during the report year. Time-loss claims for 1999 and 2000 are defined as those claims which received a time-loss benefit during the report year, or within two months of the report year.

Targeted Average Assessment Rates

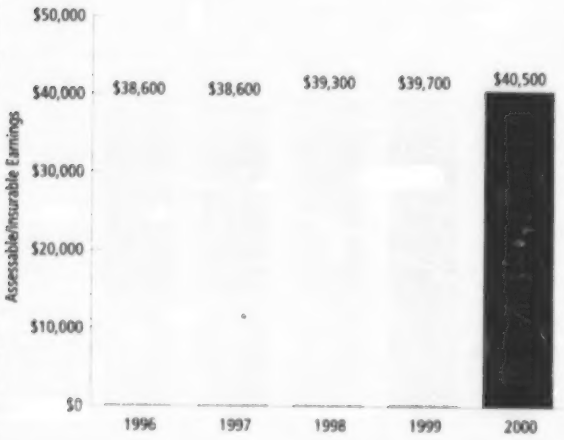
All provinces per $1000 of assessable payroll, 2000



Note: Caution should be exercised in comparing average assessment rates. Inter-provincial differences in extent of coverage, industry mix, benefit levels and assessable maximums can all affect average assessment rates.
Source: Association of Workers' Compensation Boards of Canada.

Maximum Assessable/Insurable Earnings

For Nova Scotia, 1996 - 2000



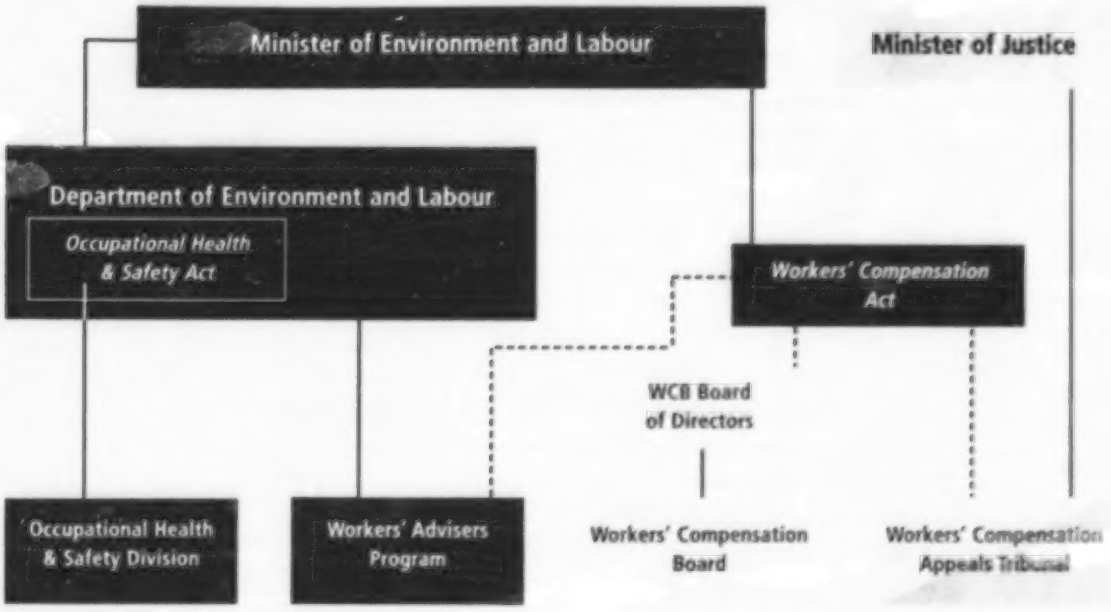
Defined in Nova Scotia as the maximum amount of payroll per worker upon which WCB premiums are calculated. The maximum is based on 152% of the average industrial wage in Nova Scotia for the 12-month period ending March 31 of the year prior to the year in which the average will apply. The average is rounded to the nearest $100.

Assessable Payroll by Industry

For Nova Scotia, 2000

	Assessable Payroll ($ millions)	% of Total Assessable Payroll	Number of Claims Registered	% of Claims Registered (Non Self Insured)
Manufacturing	1,194.8	19.3%	7,944	24.8%
Health and social services	946.2	15.3%	4,857	15.1%
Retail trade	823.0	13.3%	3,518	11.0%
Construction	574.8	9.3%	3,087	9.6%
Wholesale trade	506.2	8.2%	1,865	5.8%
Government Services	353.9	5.7%	1,087	3.4%
Accommodation, food and beverage	329.6	5.3%	2,634	8.2%
Transportation	334.7	5.4%	1,425	4.4%
Communication	263.1	4.3%	620	1.9%
Other service	218.4	3.5%	1,075	3.4%
Business service	199.2	3.2%	434	1.4%
Fishing and trapping	141.3	2.3%	598	1.9%
Mining	87.7	1.4%	246	0.8%
Real estate operator	60.7	1.0%	233	0.7%
Logging and Forestry	48.3	0.8%	323	1.0%
Education	49.6	0.8%	78	0.2%
Agriculture	40.2	0.6%	301	0.9%
Finance and insurance	18.1	0.3%	16	0.0%
Unknown	0.0	0.0%	1,743	5.4%
Total	6,189.8	100%	32,084	100%

Workers' Compensation System


Minister of Environment and Labour
Minister of Justice
Department of Environment and Labour
Occupational Health & Safety Act
Workers' Compensation Act
WCB Board of Directors
Occupational Health & Safety Division
Workers' Advisers Program
Workers' Compensation Board
Workers' Compensation Appeals Tribunal

Occupational Health and Safety is a division of the Department of Environment and Labour. It is responsible for enforcement of the *Occupational Health & Safety Act* and regulations.

Specifically, the organization is responsible for the development, maintenance and monitoring of workplace safety across the province.

This organization operates separately and autonomously from the WCB.

The Workers' Advisers Program is attached to the Department of Environment and Labour. It offers legal advice and assistance to eligible injured workers on workers' compensation matters.

The Workers' Advisers Program operates separately and autonomously from the WCB.

The Workers' Compensation Board is a no-fault workplace accident insurance agency. It is responsible for administering the *Workers' Compensation Act.*

Specifically, the organization is responsible for providing benefits and services to injured workers and their employers.

The WCB is governed by a bi-partite Board of Directors made up of equal representation from the worker and employer communities and two public representatives.

The Workers' Compensation Appeals Tribunal (WCAT) is an independent appeals body that reports to the Minister of Justice. It is responsible for hearing appeals of WCB claims and assessment decisions.

WCAT operates separately and autonomously from the WCB.

Partners in the Workers' Compensation System

- Injured Workers • Medical Community • Employers • Labour Community • Employer Associations
- Educational System • Service Providers • Injured Workers' Associations • Other government agencies

Meredith *principles*

In 1910, in response to concerns about a lack of adequate funding for injured workers, and a slow, inequitable court system, the Ontario government commissioned Sir William Meredith to produce a report on workers' compensation. Meredith reviewed systems in the United States, France, Belgium, England, and Germany and recommended a system based on collective liability and a wage-loss approach to calculating benefits.

The main principles of Meredith's report include the following:

- **collective liability,** under which all employers share responsibility for benefits to injured workers;
- **no fault,** under which the worker gains the right to benefits regardless of fault, in return for giving up the right to sue;
- **universal coverage,** under which all workers are eligible for benefits;
- **industry funding,** under which the entire costs of benefits are covered through levies on employers;
- **state administration,** under which the state assumes responsibility for the collection of employer contributions and the awarding and distribution of benefits to injured workers;
- **exclusive jurisdiction,** under which the administrative Board (the WCB) has the power to inquire into, re-hear and re-adjust all issues as necessary;
- **security of payment,** whereby the worker's claim was separated from the employer's ability to pay and guaranteed by an accident fund under the WCB's administration; and
- **calculating benefits based on wage loss,** whereby an injured worker received benefits based on a calculation of wages lost as a result of the injury.